JPRS-USA-86-003

18 March 1986

USSR Report

USA: ECONOMICS, POLITICS, IDEOLOGY

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service (NTIS), Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semimonthly by the NTIS, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS-USA-86-003

18 March 1986

USSR REPORT

USA: ECONOMICS, POLITICS, IDEOLOGY

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA published in Moscow by the Institute of U.S. and Canadian Studies, USSR Academy of Sciences.

CONTENTS

[III - USSR - 39]

CONTENTS (Continued)

PUBLICATION DATA

English title	:	USA: ECONOMICS, POLITICS, IDEOLOGY No 12, December 1985
Russian title	:	SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA
Author (s)	:	
Editor (s)	:	V. M. Berezhkov
Publishing House	:	Izdatelstvo Nauka
Place of publication	:	Moscow
Date of publication	:	December 1985
Signed to press	:	18 November 1985
Copies	:	29,300

THE U.S. WORKING CLASS OF THE 1980'S ANALYZED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 3-14

[Article by S. A. Yershov: "The Working Class of the 1980's"]

[Text] In a certain sense, the past decade (1975-1984) was a turning point in U.S. economic development.

The long-overdue transfer of the majority of industries and spheres of the economy from the assembly-line structure to a fundamentally different organizational and technological structure based on automation essentially began during these years. Just as in the late 1920's and early 1930's, when simple machine production gave up its dominant position, the present radical change in the industrial base of the American economy has been accompanied by serious economic problems. This time they have taken the form of structural and sectorial crises, longer and more severe cyclical slumps, shorter periods of recovery and prolonged recessions.

The present situation of American capitalism is complicated by unfavorable developments in the international arena. These include the dramatic intensification of competition with Japanese and West European rivals, as a result of which U.S. monopolies are being crowded out of some areas of economic rivalry among the three centers of present-day imperialism.

All of this has naturally had the most negative effect on the status of the American working class, because it has had to shoulder most of the burden of the radical scientific and technical reorganization. The monopolies still see the increased exploitation of labor and complete disregard for its financial interests as the main source and reserve of higher profit margins in production.

In the complex atmosphere of scientific, technical and economic advances, the bourgeoisie is taking every opportunity to tip the balance of class forces in its own favor. It is striving to make selfish use of the organizational and technological changes encompassing the spheres of physical and non-physical production and considerably modifying the traditional social base of the labor movement. The composition of the latter now includes certain segments which are, for various reasons, vulnerable to the sharply intensified ideological

pressure; the bourgeoisie is persuading them to accept the ideas of the "common interests" and "equal responsibility" of labor and capital and other bourgeois and reformist theories designed to deter the development of the proletarian consciousness of the masses. The huge army of unemployed and the sword of Damocles of new mass layoffs are diminishing the militancy of labor unions. When members of the extreme right, conservative-reactionary wing of the Republican Party took positions of power in the United States, they launched a direct attack on the economic gains and democratic rights of the working class.

As subsequent events demonstrated, however, the working class mustered up enough strength, despite all of its difficulties, to defend and protect its positions and even to fight for better working and living conditions.

Tendencies Toward the Social Stratification of the Working Class

The United States is one of the industrially developed capitalist countries in which proletarization has virtually reached its natural limit. At some point at the turn of the last decade, the proportion accounted for by hired labor in the gainfully employed population ceased to grow after exceeding 90 percent. The numerical growth of the working class also slowed down. The reason was that the quicker introduction of automation led to a slight decrease in the total demand for manpower. The average annual increase in employment (excluding agriculture) in the past decade (1975-1984) was 2.1 percent, as compared to the 2.5 percent of the preceding comparable period.[1]

The present organizational and technological reorganization of production has also been accompanied by sweeping qualitative changes in the labor force itself. These changes ultimately lead to some regrouping within the working class and to the formation of somewhat independent segments, differing perceptibly from one another in terms of levels of education and wages and in terms of degrees of job security; they are included in different systems of labor organization and labor relations. One segment of particular interest is the large and growing category of workers in automated production.

In terms of professional skills, the structure of this new group is quite diverse. Highly skilled workers make up its nucleus. Engineering and technical specialists, designers, computer operators and programmers, and other employees form concentric circles around this nucleus.

Most of these workers are distinguished not only by modern occupations and particularly high qualifications, but also by heightened production mobility. It is precisely this quality, this ability of workers to adapt to the constantly rising requirements of continuously changing production without suffering any perceptible economic and social losses, that guarantees them, all other conditions being equal, relatively high wages and some guarantee of steady employment.

This creates something like a socioeconomic watershed: The presently growing category of "automated production workers" seems to be detaching itself from the rest of the production and junior administrative personnel of industrial

enterprises and service establishments; or, more precisely, from those who are still working within the confines of simple machine and assembly-line production. The manpower requirements of these obsolete or soon-to-be-obsolete modifications of the organizational and technological base are much lower than those of the automation sphere. For this reason, most of the people in the first two types of production do not have as solid a background in general education and special professional training and are therefore much more vulnerable to the negative effects of the organizational, scientific and technological innovations. They are the main victims of economic upheavals and the strategic reserve of unemployment; it is precisely on their shoulders that most of the burden of cuts in social allocations lies.

Of course, these two hypothetical segments of the labor force are not separated from one another by a Wall of China, if for no other reason than their large strata of semiskilled manpower, with unavoidably overlapping fields of employment. Nevertheless, the intensive exchange of workers among various organizational and technological types of production is already quite difficult. The main reason is that the relatively lower average level of general education and professional training of people unconnected with automation also dictates their lower production mobility.

The main factor predetermining the growth of the group of automated production workers is the quicker qualitative enhancement of the labor force in general. Furthermore, the future development of automation will depend directly on the existence of manpower with an educational level meeting the requirements of the new technology.

The improvement of the labor force is now taking several directions.

First of all, there has been the quicker absolute and relative growth of the group of workers engaged in mental labor; its growth rate is higher than that of production workers. Within an extremely short period of time, from 1975 to the end of 1984, the number of production workers in the leading sector of the American economy, the processing industry, rose at an average rate of 0.3 percent a year, but the rate for workers engaged in mental labor was 1.5 percent, or a rate five times as high. By the same token, the proportion accounted for by the former in the employed population decreased from 71.2 percent to 68.7 percent, while the figure for the latter rose from 28.8 to 31.3 percent.[2]

Secondly, there has been a rise in the average level of general education of hired labor engaged directly in production. In general, the average number of years of education is constantly rising in the United States. In just a decade (1970-1979), the average indicator rose 2.4 percent for all workers and 8 percent for people engaged primarily in mental labor. Furthermore, it is interesting that the highest rise in the level of education was displayed by unskilled workers--15.2 percent.[3] This fact might testify even more conclusively than other figures to the steady tendency toward a rise in the educational level of the entire army of hired labor.

Another significant consideration is the substantial increase in the number of people with a secondary specialized and higher education. In 1970, 1 out of

every 7 workers had a college degree, but in 1983 the ratio was 1:4. During this period the number of people between the ages of 25 and 64 with a college degree increased by 11.5 million, rising from 8.7 million to 20.2 million, or by more than 132 percent. Furthermore, this category of workers is distinguished by the highest employment norm, reflecting their inclusion in national production. It was 87 percent (in 1983), as compared to 74.9 percent for all manpower and 60.3 percent for people with from 8 to 11 years of education--that is, with a partial secondary education. For the sake of comparison, the employment norm in 1973 was 65.4 percent for people in the last category and 82.3 percent for those with a complete higher education.[4]

Thirdly, there has been an increase in the number of highly skilled specialists. When the total number of employed people increased by 7 percent between 1975 and 1984, the number of highly skilled workers increased by almost 18 percent, and the percentage of these workers in the production labor force rose from 39.3 to 43.4 percent. During the same period, the relative number of semiskilled workers decreased and that of unskilled workers remained the same.[5]

To some degree, the increased use of complex manpower--the most important source of live labor for automation--in the American economy is also attested to (indirectly) by the transfer of employment to so-called high-technology (science-intensive) industries, where labor quality requirements are much higher on the average than in traditional sectors. Although this division is quite hypothetical (the new technology is being introduced everywhere, although to differing degrees), the first group of industries would primarily include arms production and the petrochemical, electrical equipment, radioelectronic, instrument-building and aerospace industries. The total number of production workers in these industries rose at an average rate of 1.5 percent a year from 1975 to 1984; their percentage of the total production labor force in the processing industry rose from 18.2 to 20.1 percent. During those same years, the number of production workers in the entire second group (of "old" industries) decreased by almost 2 percent, as a result of which the proportion accounted for by them in the total number of production workers employed in the processing industry decreased from 81.8 to 79.2 percent.[6]

These changes in employment are even more clearly apparent in specific industries. For example, the number of production workers decreased by 13.4 percent in the textile industry and 25 percent in primary metallurgy in the past decade, while a steady increase in employment of 2 percent a year on the average in instrument building and of 2.4 percent in the electrical equipment and radioelectronic industries was recorded during those same years.[7]

In summation, we can say that the establishment of the new organizational and technological structure of production, based on automation, in industry and other sectors of the U.S. economy has been accompanied by the creation of the necessary conditions for the formation of a new nucleus of the working class. The workers of this category have modern skills and professional training and therefore possess a quality as important as the necessary production mobility, which protects them to some degree from crisis-related fluctuations in economic development and the negative implications of the new technology. It is

equally important that these workers are included, by virtue of the requirements objectively stipulated by the distinctive nature of automation itself, in a qualitatively different system of labor organization, resulting in certain changes in labor relations.[8]

And it could not be otherwise, because the progressive improvement of productive forces--equipment and people--will eventually and unavoidably lead to changes in the methods of the productive use of manpower and to the consequent transformation of labor relations. Of course, the social purpose of the latter--increased exploitation and the consolidation of capital's dominant position in relation to hired labor--has not changed and cannot change under capitalism. Nevertheless, now that capital is operating under new organizational and technological conditions, it must give the worker greater independence and greater freedom in the performance of his production activity directly in each working position.

And it is true that the flow of anonymous orders "from above" has become quite meager under the conditions of automation, and the detailed regulation of the worker's production behavior (not to mention the strict standardization of his physical movements) is gradually receding into the past along with other elements of the labor organization patterns of the assembly-line production structure. Furthermore, now the worker is more frequently expected to engage in an independent search for optimal ways of performing specific production tasks. "The new automated work position," reported the MONTHLY LABOR REVIEW, "demands...the decentralization of responsibility and the enhancement of the worker's ability to take the initiative in solving all possible problems without waiting for the approval of people on higher rungs of the administrative ladder."[9]

This is the reason for the widespread use of the Japanese experience in the creation of quality clubs, the Swedish experience with automonous and semi-autonomous work teams and other innovations in recent years in the United States. These and other methods of intensifying the personal and creative elements of work are being used by capital as instruments of collective self-exploitation and are changing the very structure of labor relations at present-day capitalist enterprises, which are being filled with new equipment on increasingly broad scales.

The plans drawn up by bourgeois scientists--with a view to the objective requirements of present-day production--to raise the profit margins of enterprises by changing the organizational structure of the labor functions of workers will eventually intensify social polarization within the working class. This is understandable because the "efficiency" proposals of the members of quality clubs, just as any other measures suggested by workers with a relatively stable position at a capitalist enterprise, are essentially delayed-action mines sabotaging the unity of labor ranks at the enterprise.

But the main thing is that objective differences in the economic and social status of workers (which will be discussed below) included in different organizational and technological types of production lead to a definite split in the social base of the labor movement. This new development is one of the

main reasons for the reduction of union membership, the declining effectiveness of union actions in defense of labor and the reduced number and scales of strikes.

The Exacerbation of Socioeconomic Problems

In this large group of problems, two of them--wages and unemployment--offer the most graphic portrayal of the development of these processes of social differentiation.

The cost of living is still rising, although not as quickly as before. The real wages of American workers, however, are not rising. On the contrary, the wages of production workers in the entire private sector of the U.S. economy after 1980 fell below the 1967 level.[10] Furthermore, there has been a decline in the average annual rate of increase not only in real wages, but also in so-called compensation, made up of regular wages, all additional payments and various benefits (calculated below in percentage values for the given period per man-hour in 1977 dollars):[11]

Years	Private Non-Agricultural Sector
1975-1976	2.2
1976-1977	1.0
1977-1978	0.9
1978-1979	-1.7
1979-1980	-2.9
1980-1981	-0.7

A colossal portion of the wages of hired labor is devoured by taxes (federal, state and local).[12] As a result, the disposable income of the American production worker at the beginning of the current decade was equivalent to only 78.96 percent of his nominal monetary income and fell far below the corresponding indicator in all of the other six leading capitalist countries.[13]

One reason for the wage reductions is the widespread practice of the imposition of wage concessions, including some large ones, on labor unions by the monopolies. For example, in 1982 labor unions in the automative and garment industries, civil construction, railway transport and public utilities (electricity, gas and water) negotiated collective contracts envisaging a wage increase of only 3.8 percent in the first year and of 3.6 percent over the entire period of the contracts' validity. This was the lowest wage increase for the 3.3 million workers in these sectors since 1968. In 1982 more than a million workers received no increase at all.[14]

The reduction of the real wages of most of the laboring public is putting American families in a difficult position. For example, the minimum subsistence level now requires several family members to work, including women with children (in the absence of pre-school establishments), or one family member to take on additional part-time work. In all, in the 3 years between 1979 and the end of 1981, the average number of working members in the American family rose from 2.39 to 2.43.[15] The number of blue- and white-collar workers with

two or more jobs is increasing: It was 3.5 million in 1975 and 4.4 million in 1980--that is, it rose almost 26 percent at a time when the total number of people employed in the economy rose less than 16 percent.[16]

The reduction of family income has been accompanied by declining rates of personal consumption by American labor, especially in the case of durable goods (Table 1).

Table 1. Dynamics of Personal Consumption Expenditures (constant prices, 1972 = 100)

Years	Increase in expenditures, %			
	Total	Durable goods	Non-durable goods	Services
1975-1976	5.6	12.3	4.7	4.3
1976-1977	5.0	9.0	3.6	4.9
1977-1978	4.5	6.4	3.3	4.8
1978-1979	2.7	0.3	2.5	3.7
1979-1980	0.3	-6.9	0.8	2.4
1980-1981	1.8	2.2	1.8	1.7

"Statistical Abstract of the United States, 1982-83," p 419.

The progressive growth of differences between the wages of workers of different socioprofessional categories warrants special attention. The wages of workers employed in high-technology industries differ sharply in terms of the direction of changes (rise or decline) and rates of change from the corresponding indicators in "old" industries. "Almost all of the high-technology industries," MONTHLY LABOR REVIEW reported, "have the highest percentage of high-paid workers in relation to the entire processing industry."[17]

And it is a fact that the average weekly wage of the production worker in the electrical equipment and radioelectronic industries in 1975, for example, exceeded the wage of a worker in retail trade by 40.6 percent, but in 1984 the figure was already 52.1 percent. During the same years the difference between the wages of textile industry workers and workers in instrument building increased from 24.9 to 29.2 percent.[18]

In the electrical equipment and radioelectronic industries, the average real (1967 = 100) weekly wage of the production worker increased by 5.4 percent in 1975-1984, while it decreased by 15.1 percent in retail trade. The real average weekly wage of the same category of workers in the textile industry rose only 0.4 percent, but the figure in instrument building was 6.6 percent.[19]

The difference between the wages of production workers of different skill categories is also increasing. In 1970 the average weekly wage of the skilled worker in the United States exceeded the wage of the unskilled worker by 29.9 percent, but by the beginning of the 1980's the figure had risen to 32.4 percent. As a result of inflation, the average real weekly wage (1967 = 100) of the skilled worker decreased by 4.2 percent during that period, and that of the unskilled worker decreased by 7.6 percent.[20]

Throughout the period in question (1975-1984), colossal unemployment continued to exist in the United States. According to official data, around 8 million people a year on the average had no jobs, and they represented 8.2 percent of the entire employed population (excluding servicemen). The lowest rate of unemployment during that period, 6.1 percent, was recorded in 1979, and the highest, 10.5 percent, was recorded in 1982.[21]

These figures, however, do not provide a complete picture of the actual scales and implications of unemployment. In this connection, the MONTHLY LABOR REVIEW reported the following: "In 1982, 26.5 million people were directly affected by unemployment in some form--that is, 2.5 times as many people as the official statistic."[22]

American labor unions keep their own unemployment statistics. According to their calculations, each head of household who loses a job has a family with an average of 3.5 members.[23] Consequently, in the same year of 1982 the direct effects of the unemployment of 10.6 million people extended to more than 37 million in all.

Unemployment is one of the main causes of poverty. The scales of the latter in the United States increased dramatically in the last few years. According to official statistics, in 1983 this was the status of more than 35 million people (24.5 million in 1978)[24]--that is, almost 15 percent of the entire employed population. Among complete families (husband, wife and children) in which all able-bodied members have a job, the percentage of families with an income below the official poverty level was only one-third as high in 1983 as among families in which one or more people had no job (Table 2).

The statistics on unemployment and on wages attest to the development of processes of social polarization within the U.S. working class and adjacent strata.

We will take a look at the rates of unemployment for two categories of production personnel--engineering and technical workers and unskilled workers--that is, the groups on opposite ends of the scale in terms of skills. In 1975 the rate of unemployment among unskilled workers engaged in manual labor was 4.9 times as high as among engineering and technical personnel (16.6 percent as compared to 3.2 percent), but by 1984 the gap had increased to 7.1 times (18.6 percent and 2.6 percent).[25] Furthermore, it was in 1975 that the most severe cyclical crisis since World War II reached its lowest phase, and at these times unskilled workers are known to be laid off on a much broader scale. As for 1984, it was a period of economic growth. This comparison attests to fundamental and timeless phenomena: This is not a matter of fluctuations in economic activity, but of the reduced demand for simple, untrained manpower in present-day production.

Differences in the degrees of job security of complex and simple manpower can also be revealed by a comparison of rates of unemployment among people with different levels of education. According to official statistics, unemployment climbs as the level of education declines. Furthermore, and this is particularly important from the standpoint of long-term processes, the gap is growing for people between the ages of 25 and 64 (see Table 3).[26]

Table 2. Unemployment and the Economic Status of Families in 1983

Type of family	(1)	(2) (3)	(2) (4)
Complete families	74.9	4.3	13.2
Families with male head of household	66.8	6.4	1.2
Families with female head of household	61.5	17.0	44.5
Single individuals	46.4	10.2	38.0

Calculated according to data in MONTHLY LABOR REVIEW, December 1984, p 24.

Key:
1. Average monetary income of families in which one or more members were unemployed during the year, in a percentage relationship to the corresponding indicator for families in which able-bodied members had jobs.
2. Percentage of families with income below poverty level in total number of families of the given category.
3. All members had jobs.
4. One or more members were unemployed during the year.

Table 3

Level of education	Rate of unemployment, % 1970	1983	Rise
Partial secondary	4.6	15.8	11.2
Complete secondary	2.9	10.0	7.1
1-3 years of college	2.8	7.3	4.5
4 or more years of college (university)	1.3	3.5	2.2

Another argument in support of the increasing job insecurity of workers outside the sphere of the intensive incorporation of the latest organizational and technological systems is the potential threat of unemployment. The danger of becoming one of the "permanently" or chronically unemployed is a much more serious problem for workers in the "old" traditional sectors. Whereas only the rate of increase in the total number of workers declined in recent years in high-technology industries, in the "old" sectors there was not only an absolute decrease in the number of workers but also the elimination of certain jobs. According to the calculations of progressive American economists, for example, in 1983 and 1984 less than a fourth of the workers who had lost their jobs in the last 2 years in civil construction, general machine building, metallurgy, metalware production and the extractive industry were able in time to find jobs in the same fields.[27]

Labor Unions Experience Serious Difficulties

Two conflicting tendencies in the development of the American labor movement became apparent at the turn of the decade. One was the noticeably weaker position of many labor unions, including some of the leaders. This negative tendency for the workers was reflected in the reduced membership of unions, their acceptance of monopoly demands during collective bargaining and the somewhat restrained nature of strikes. The other tendency reflected the lengthy objective process of the consolidation of the class efforts of the laboring public and its growing determination to fight for the substantial improvement of working and living conditions. In general, the two tendencies bear the imprint of the changes in the social base of the labor movement due to the polarization of political awareness among hired workers.

Just during the years of Ronald Reagan's presidency, the number of union members has decreased by 14 percent, from 20.1 million to 17.3 million, and now represents only 19 percent of the entire hired labor force (for the sake of comparison, 35 percent of all workers were members of unions in 1954).[28] The main reasons for this unfavorable development for the laboring public were the following.

First of all, there is the relatively high increase in employment in sectors traditionally distinguished by a low level of union organization. For example, in the constantly growing (numerically) service sphere, where around 75 percent of all employed persons, according to some estimates, will be concentrated by 1990, only 1 out of every 10 workers now belongs to a union. Secondly, there is the rapid growth of employment in the geographic regions where unions have always been less active and employers have taken advantage of the lack of worker unity; in Florida and Texas, for example, the level of organization does not exceed 12 percent (for the sake of comparison, it is 35-40 percent in New York, Michigan, Pennsylvania and West Virginia).[29] Thirdly, there is the negative effect of the growing scales of part-time employment, which was the status of almost one-fourth of all hired workers in January 1985 (including 0.8 percent working 1-4 hours a week, 4.5 percent working 5-14 hours, 12.3 percent working 15-29 hours and 6.8 percent working 30-34 hours).[30] In 1984 alone, the total wages paid to part-time workers (who usually do not belong to unions) rose 33 percent and exceeded 6 billion dollars.[31]

There is an equally complex group of reasons for the tactic of giving in to monopoly demands with regard to wages and working conditions, a tactic some labor unions have had to employ during collective bargaining. Since 1981, when the air traffic controllers' union was crushed with the direct participation of Ronald Reagan, the federal administration and--with its active support--the big monopolies have been conducting a coordinated and powerful campaign against the unions. According to AFL-CIO data, around 95 percent of all employers are completely opposed to the joining of labor unions by their workers and 75 percent maintain special staffs of so-called labor relations consultants, who are paid close to 100 million dollars a year for anti-union recommendations.[32] Union activists are constantly being laid off. The monopolies not only invent all sorts of ways of preventing unions

from exercising their legally secured right to conclude collective contracts but are also sabotaging the fulfillment of these agreements after they have been concluded.

Conflicting tendencies are also characteristic of the strike movement. The last decade was marked by the decline of almost all of its statistical parameters.

Average annual indicators of the number of strikes, the number of strikers and the number of strike days recorded in official statistics (which, incidentally, misrepresent the actual status of the class struggle to a considerable extent) were 52.9 percent, 39.5 percent and 32.1 percent lower respectively during the second 5 years of this period than during the first (Table 4).

Table 4. Strike Movement in the United States

Years	Number of strikes	Thousands of strikers	Days on strike, thousands
1975	235	965	17,563
1976	231	1,519	23,962
1977	298	1,212	21,258
1978	219	1,006	23,775
1979	235	1,021	20,409
Average for 5-year period	244	1,145	21,393.4
1980	187	795	20,844
1981	145	729	16,908
1982	96	656	9,061
1983	81	909	17,461
1984	64	376	8,352
Average for 5-year period	115	693	14,525.2

Only economic strikes with over a thousand strikers are included in these calculations.

Calculated according to data in MONTHLY LABOR REVIEW, March 1985, p 95.

In spite of all of the current difficulties impeding the further development of the union movement in the United States, however, the working class is still accumulating militant potential for the repulsion of the united forces of the monopolies and the bourgeois government. The great importance of labor unions in the socioeconomic and political life of American society, won as a result of a long and hard struggle, is irreversible.

Of course, one of the most important functions of the labor movement in the capitalist society is the protection of the interests of hired workers, the

improvement of their working and living conditions and, at the present time, the opposition of the efforts of ruling circles to transfer most of the burden of the organizational and technological changes to their shoulders. At the same time, the class struggle objectively represents a powerful factor promoting the further improvement of capitalist production. Labor unions are more and more likely to approach the collective bargaining table with constructive proposals for the resolution of employment problems, inflation and other acute problems engendered by cyclical economic difficulties or structural and technological changes in the economy. The practice of accusing the labor movement of supposedly trying to deter scientific and technical progress and stop economic development is groundless. Statements about the "crisis of the collective bargaining system" and about "the destructive effects of strikes on the economy" are equally groundless.

It is precisely during the collective bargaining process that labor unions often surmount the resistance of employers and include statements in these contracts which are important from the standpoint of economic development because they promote the eventual renewal, even if only temporary, of the normal functioning of the process of manpower reproduction. These include the retraining of workers in connection with the incorporation of new technology, the creation of favorable conditions during the transfer of blue- and white-collar workers from one enterprise to another, the payment of additional unemployment compensation during periods of temporary layoffs and many others.

The estimates of the damages that strikes supposedly inflict on the national economy are equally exaggerated. Despite the fact that strikes (and frequently just the threat of a strike) are still the main instrument for the protection of worker interests, losses of work time as a result of labor union strikes are actually calculated only in tenths of a percent of total work time (Table 5).

Table 5. Losses of Work Time Due to Strikes

Year	Days on strike in relation to total work time, %
1975	0.9
1976	0.12
1977	0.10
1978	0.11
1979	0.9
Average for 1975-1979	0.43
1980	0.9
1981	0.7
1982	0.4
1983	0.8
1984	0.3
Average for 1980-1984	0.62

Calculated according to data in MONTHLY LABOR REVIEW, March 1985, p 95.

Sectorial or nationwide class demonstrations by workers are usually blamed for sizeable reductions in the total number of man-days worked. But these are certainly not motivated by the evil whims (or egotism) of the strikers themselves, as bourgeois propaganda maintains. The workers have to protect their fundamental socioeconomic interests. The protracted nature of some strikes (for example, the strike of the workers of the Phelps Dodge copper corporation, which began on 1 July 1983 and is still going on, the 6-month strike of the workers of the Caterpillar tractor company in 1983 and the two 47-day strikes that same year by the workers of the Greyhound bus company and the employees of medical establishments in New York) is completely due to the arbitrary behavior of the monopolies themselves, which are striving not to satisfy the just demands of workers and are also hoping to undermine the influence of labor unions.

As we can see, many complex sociopolitical developments in American society are due largely to the development of production and the change in productive forces. During the current phase of the technological revolution, now that virtually the entire economy has been affected by the radical organizational and technological reconstruction, conditions are right for the formation of qualitatively new segments of the hired labor force. The workers making up these segments and representing complex manpower were put in a relatively favorable economic position for some time by objective factors. Under the influence of bourgeois propaganda, they have taken a separate stand on some issues, and this will certainly affect the status and development of the labor movement.

It is no coincidence that progressive forces in the United States want to make a more vigorous effort to raise the proletarian consciousness of workers in automated production. In this way, they hope to strengthen and considerably expand the social base of the anti-monopolist struggle.

FOOTNOTES

1. Calculated according to data in HANDBOOK OF BASIC ECONOMIC STATISTICS, January 1985, pp 16-17.

2. Ibid., 24-25.

3. Calculated according to data in "Handbook of Labor Statistics," Wash., 1980, pp 141-142.

4. Calculated according to data in MONTHLY LABOR REVIEW, March 1984, p 47. This is not alleviating the employment crisis in the United States because even a higher education is not a reliable guarantee of job security. In this case, there are two reasons for unemployment: the relative decline in the total demand for manpower and the rise of employment in the service sphere, where most of the new workers in the next decade will be, according to official estimates, trade personnel, secretaries and other junior technical personnel. In other words, MONTHLY LABOR REVIEW reported, "many college graduates will be unable to find

jobs corresponding to their level of education--that is, the situation which has prevailed in our country in the past will continue to exist" (ibid., p 48).

5. Calculated according to data in EMPLOYMENT AND EARNINGS, November 1976, p 34; December 1984, p 27.

6. Calculated according to data in HANDBOOK OF BASIC ECONOMIC STATISTICS, January 1985, pp 16-61.

7. Ibid., pp 24-52. Despite the higher rates of increase in employment in high-technology industries, their development in the future will not alleviate the unemployment problem in the country to any great extent, partially due to the fact that the leaders among these industries are increasingly inclined to use the same so-called labor-saving equipment that they are producing. According to the U.S. Bureau of Labor Statistics, around 23.4 million-28.6 million new jobs will be created in the country between 1982 and 1995. Only 1 million-4.6 million of these jobs, or only 4-16.1 percent, will be created in the high-technology industries (MONTHLY LABOR REVIEW, November 1983, p 54).

8. A new term, "gold-collar workers," has even been used in American scientific literature in recent years to define this group of hired workers. R. Kelly, the author of the book "Gold-Collar Workers," includes "knowledge workers" in this category. According to his estimates, they will already represent at least 60 percent of the entire U.S. labor force by 1990. Kelly writes that in contrast to earlier generations of workers, who were inclined to be "obedient and submissive," the "gold-collar workers" will "not tolerate boredom" and want "interesting jobs and group emotional relationships meeting their specifications." This means that they require different, primarily "psychological and social work incentives." The "gold-collar workers" will not tolerate the "underutilization of their capabilities or excessive supervision," they prefer "self-supervision" and regard the "issuance of orders as an insult" (quoted in FORTUNE, 24 June 1985, pp 101-102).

9. MONTHLY LABOR REVIEW, March 1984, p 29.

10. Calculated according to data in EMPLOYMENT AND EARNINGS, December 1984, p 79; MONTHLY LABOR REVIEW, December 1984, p 72.

11. "Statistical Abstract of the United States, 1982-83," Wash., 1982, p 401.

12. Calculated according to data in ECONOMIC NOTES, June 1984, p 5.

13. "OECD. Tax/Benefit Position of a Typical Worker in OECD Member Countries," Paris, 1982, p 13. In this case, disposable income is calculated for a family with two children and one bread-winner and represents the total monetary income of the latter plus monetary payments for various government assistance programs and minus income tax and social security deductions.

14. ECONOMIC NOTES, February 1983, p 9.

15. Families in which the husband, wife or other head of household was self-employed were not included in the calculations. Calculated according to data in "Statistical Abstract of the United States, 1982-83," p 404; EMPLOYMENT AND EARNINGS, December 1984, p 6.

16. Calculated according to data in "Statistical Abstract of the United States, 1982-83," p 386; EMPLOYMENT AND EARNINGS, December 1984, p 6. "Double employment" in the United States is mainly a result of economic need. In 1975, 55.1 percent of white male workers had more than one job precisely for this reason, but by 1980 the indicator had risen to 57.2 percent ("Statistical Abstract of the United States, 1981," Wash., 1981, p 386).

17. MONTHLY LABOR REVIEW, March 1985, p 8.

18. Calculated according to data in HANDBOOK OF BASIC ECONOMIC STATISTICS, January 1985, pp 31, 48, 52, 56.

19. Ibid.; MONTHLY LABOR REVIEW, December 1984, p 72.

20. Calculated according to data in "Statistical Abstract of the United States, 1982-83," p 404; MONTHLY LABOR REVIEW, December 1984, p 72.

21. Calculated according to data in MONTHLY LABOR REVIEW, March 1985, p 59.

22. MONTHLY LABOR REVIEW, February 1984, p 30.

23. UNION NEWS, November-December 1982, p 4.

24. FORTUNE, 24 June 1985, p 95.

25. Calculated according to data in "Statistical Abstract of the United States, 1981," p 393; EMPLOYMENT AND EARNINGS, February 1985, p 26.

26. Calculated according to data in MONTHLY LABOR REVIEW, March 1984, p 47.

27. Calculated according to data in ECONOMIC NOTES, June 1983, p 3.

28. "The Changing Situation of Workers and Their Unions. A Report by the AFL-CIO Committee on Evolution of Work," Wash., February 1985, p 5.

29. Ibid., p 8.

30. EMPLOYMENT AND EARNINGS, February 1985, p 38.

31. FORTUNE, 29 April 1985, p 56.

32. "The Changing Situation of Workers and Their Unions," p 10.

8588
CSO: 1803/03

ROLE OF U.S. IN INTERNATIONAL MONETARY REFORM DISCUSSED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 15-25

[Article by S. V. Gorbunov: "The United States and the Plans for International Monetary Reform"]

[Text] The latest serious aggravation of the currency and financial situation in the capitalist world in the first half of the 1980's again aroused strong feelings in favor of the fundamental reform of the international currency system. The more than 10 years since the complete collapse of the Bretton Woods monetary mechanism graphically demonstrated the futility of purely market methods of influencing the accounting and payment transactions of capitalist countries and led to an active search for new and more effective forms of state regulation in this most important sphere of the world capitalist economy, forms corresponding to present conditions.

Prerequisites for Reform

In the past 10-15 years the currency and financial relations of capitalist countries and the nature of their state regulation have undergone significant qualitative changes. As we know, the Bretton Woods monetary agreement of 1944 established certain "rules of behavior" for states in the sphere of currency and financial transactions. Their purpose was to maintain par currency values in relation to the dollar under the conditions of the free convertibility of currencies in current transactions (operations in foreign trade, insurance, freight, tourism, etc.). In the event of temporary balance-of-payments deficits, states took different measures to regulate demand for the quickest possible correction of the discrepancy between receipts and payments.

This kind of currency system presupposed the existence of economic parity between countries, a leading role for state organs in the regulation of currency operations and, above all, strict control over the movement of capital (to the point of various direct restrictions) and over currency transactions not directly connected with foreign trade. The emphasis was on the regulation of current items in the balance of payments for the purpose of equalizing them. The main means of financing imbalances in current transactions were official gold-currency reserves, short-term intergovernmental

credits and IMF resources. Foreign bank credit did not account for more than 15-17 percent of balance-of-payments financing.[1]

The increasing inequality of the payment positions of capitalist and developing countries, the dollar's loss of strength and the intensified internationalization of economic affairs, particularly the development of the international capital market, gave rise to the need for radical changes in the currency system. These changes first took the form of the suspension of the convertibility of the dollar into gold in August 1971 and the widespread "floating" of currencies--that is, the fluctuation of the exchange rates of the main currencies, which is still the basis of the currency relations of capitalist states.

There has been a simultaneous unprecedented increase in the percentage of financial resources transferred from one country to another without any kind of connection with foreign trade transactions. According to some estimates, these operations now account for up to 90 percent of the international accounts of developed capitalist countries, as compared to 10 percent in the 1940's and 1950's.[2] Furthermore, they are less and less subject to the direct control of currency authorities.

This is connected with the perceptibly greater importance of the export of capital in international economic relations. Long-term direct and portfolio investments and intergovernmental loans now play a less important role than international bank credit in the transfers of financial resources between countries. Whereas in 1973 new international bank credits totaled 33 billion dollars, in 1984 the figure was 126 billion. During the same period the volume of the Eurocurrency market--the international capital market--increased from 315 billion dollars to 2.15 trillion.[3] International banks operating under the conditions of floating exchange rates and virtually not subject to the control of central banks are becoming one of the leading forces in the international currency system.

The weak points of the state-monopolist regulation of currency relations, based on direct intervention by the state in current international payments, gradually became obvious. Furthermore, the 1970's can be described not only as the period of the collapse of a specific regulation system, but also as a period of crisis in the machinery of the state-monopolist regulation of international economic relations. The capitalist states were unable to quickly institute new methods, corresponding to new conditions, of influencing international economic relations. This led to an unprecedented level of spontaneous market activity, which became the main regulator of economic transactions between countries, with all of the ensuing negative consequences.

The new IMF Articles of Agreement, which went into effect on 1 April 1978, were confined to the declaration of the existing state of affairs. Legalizing the changes in the currency sphere, especially the floating exchange rates, they gave countries greater freedom in currency policymaking and did not impose any kind of rigid restrictions on them. The United States was the main champion of this approach to monetary issues. By the middle of the 1960's it was no longer satisfied with the commitments it had assumed by the

terms of the Bretton Woods agreement. Above all, this applied to the need to exchange dollars for gold at the official price. The cessation of this exchange aided in excluding gold from the sphere of international payments and eliminated the American currency's chief rival. The capitalist world began to depend to a considerable extent on the dollar and, consequently, on the actions of American banks and on the policies of the American administration. Whereas the percentage of trade transactions in dollars did not display any significant rise in the last 10 years, the proportion accounted for by the dollar in financial operations, which developed much more quickly, increased substantially and almost reached 90 percent. This was the reason for the U.S. attempts to impose a "private" currency system, free of any kind of regulations and restrictions, on the world.

The events of recent years, however, graphically demonstrated that although reliance on the market had temporarily facilitated the functioning of the currency system, it had also given rise to new contradictions. Accounting and payment relations have ceased to be the buffer that sometimes alleviated crisis-related processes in capitalist production. The currency and financial sphere is now more and more likely to engender its own economic problems. Spontaneous capitalist market factors give rise to abrupt fluctuations in international financial flows, deform their structure and direction, engender periodic convulsive slumps in crediting, inconsistent with the objective needs of world economic development, and lead to the substantial and prolonged misalignment of currency exchange rates. Whereas in the 1970's the regulation of transfers of financial resources between countries was performed with relative success on the private monopolist level, now there is an obvious need for stronger government intervention in the operations of currency markets and for more active international regulation of currency and financial relations.

The abrupt change in the patterns of international capital transfers in the early 1980's was the immediate cause of the search for ways of stabilizing the currency and financial system. Most of the free monetary resources rushed into the United States, where real interest rates were higher than in the majority of other countries. The rising demand for the dollar, in turn, led to a quite substantial and prolonged rise in the exchange rate of the American currency, and this was one of the main reasons for the larger deficit in the country's balance of trade and its balance of payments in current transactions. The flow of financial resources into the United States slowed down the economic growth of many developed capitalist countries, and especially of the developing countries. The latter lost access to the financing they needed and were forced to become exporters of capital. This gravely complicated their foreign debt problems, as a result of which the entire international financial system became more vulnerable.

It was under these conditions that the need for international monetary reform began to be actively discussed in the West. This general frame of mind affected the American administration, which cannot completely ignore the views of its allies. In particular, former Secretary of the Treasury D. Regan admitted that the world economic situation would have been much more stable if "currency exchange rates had not changed on the scales of the last 5 years. There is no clear idea, however, of how greater stability can be

achieved.... I am not predicting a new Bretton Woods, but I do believe that states should pay more attention to currency and financial issues."[4] The need to find ways of reorganizing international currency markets in connection with the excessive dollar exchange rate and the negative effects of this factor on the normal operations of the world currency system was also acknowledged by J. Baker, the present U.S. secretary of the treasury.[5] However, the United States is relying on its own financial strength and taking advantage of the current international economic situation to solve currency and financial problems at the expense of others and to gain unilateral advantages. This is making the necessary search for means of currency cooperation difficult, if not impossible.

Three issues are now the focus of monetary reform. Above all, there is the need to put the system of currency exchange rates in order, because their constant chaotic fluctuation considerably complicates international economic exchange and heightens disparities in the world capitalist economy. A stronger role for government and intergovernmental bodies in the financing of developing countries is equally important now that commercial banks are unable to secure stable and predictable transfers of resources. In connection with this, there has been a revival of interest in increasing special drawing rights (SDR) and expanding IMF credit operations. Finally, the relatively normal functioning of the currency and financial system is now impossible without the intergovernmental coordination of economic policies and the establishment of the necessary institutional bases for this purpose, presupposing, in addition to everything else, a definite change in the role of the IMF.

Currency Exchange Rate Mechanism

For most of the past decade the main capitalist states concentrated on their domestic economic problems and paid little attention to the effects of their policies on the currency and financial system, assuming that the latter would automatically (primarily through changes in exchange rates) regulate all imbalances. It is true that changes in currency exchange rates in the 1970's reflected the relative evolution of prices, which did not give any country substantial and protracted competitive advantages. For example, in spite of considerable fluctuations in exchange rates during the 1973-1979 period, the competitive potential of OECD countries in terms of prices displayed only a 25-percent change on the average. The dynamics and correlations of exchange rates in the 1970's corresponded largely to changes in the relative purchasing power of currencies.[6] Under these conditions, the monetary policy of leading states was essentially confined to intervention in currency markets for the purpose of alleviating chaotic short-term rate fluctuations.

As a result of the unprecedented rise in the value of the dollar in 1979,[7] however, currency exchange rates have corresponded less and less to price dynamics in individual countries. According to some estimates, at the beginning of 1985 the exchange rate of the American dollar was 40-50 percent higher than the rate of the leading West European currencies and 25 percent higher than the rate of the Japanese yen.[8]

The capitalist world as a whole has been increasingly alarmed by the abrupt fluctuations of the dollar exchange rate, which have, regardless of their direction, disrupted the functioning of the world capitalist economy, have made attempts at planning difficult and have had a negative effect on world trade. "The international monetary system needs radical reorganization," said one of the works on the conferences of the leaders of seven capitalist countries. "The floating exchange rates which have been functioning since 1973 have not justified the hopes invested in them."[9]

The achievement of more realistic and stable correlations between currencies will require a multilaterally negotiated and coordinated approach to questions of monetary policy and of economic policy in general. In particular, this was the conclusion drawn by the authors of the abovementioned study. "In an interdependent world," they believe, "no exchange rate system can eliminate the need to take the policy of other countries into consideration when making one's own."[10] The main capitalist countries do not deny the importance of the coordination of monetary policy in principle, but they have their own ideas about its nature and basic forms. The greatest differences of opinion concern the comparative effectiveness of government influence on currency exchange rates.

France is the chief advocate of more active intervention. It believes that the institution of constantly coordinated intervention in currency markets by leading states, especially the United States, will promote more stable exchange rates. In turn, the obligation to keep the rate within certain limits will force states to engage in the closer coordination of economic policies. In the opinion of President F. Mitterand of France, the establishment of better monetary interrelations will require, in particular, closer and more realistic connections between the dollar, the EEC currencies and the Japanese yen, with special limits on exchange rate fluctuation maintained by means of monetary intervention.

As for the United States, it believes that this kind of intervention will be necessary only in extreme cases to eliminate chaos in currency markets. It denies the possibility of using these measures to influence longer-range changes in exchange rates with credit and budgetary causes.

The United States believes that the closer coordination of the basic guidelines of economic policy in the leading capitalist countries, especially credit and budgetary matters, is the main factor in the stabilization of exchange rates. Without this, a return to a more stable system of exchange rates will be impossible. For this reason, the United States rejected F. Mitterand's proposals, calling them premature. In principle, this view is shared by many of the United States' allies, especially the FRG, Japan and England. These countries, however, believe that this approach must be supplemented with active and constant government operations in the purchase and sale of currencies to regulate the movement of exchange rates--that is, monetary intervention. France's point of view is completely supported by only a few small West European states.

In view of the present development of currency markets, the long-term stabilization of exchange rate correlations on a relatively realistic level can be

achieved only as a result of coordinated influence on fundamental economic factors. This presupposes collective efforts to equalize the basic guidelines of economic policy. This cooperation, however, will depend largely on the ability of the main capitalist countries to reach mutually acceptable compromises on many complex issues of vital importance to each state, issues pertaining to the circulation of money, credit and finances, and this is highly unlikely. President K. Poehl of the FRG Bundesbank made an indicative statement in this connection: "We need closer cooperation in the sphere of economic policy. Saying this is easy. It is much harder to coordinate the general goals of this cooperation and its content."[11]

The United States regards cooperation as a means of encouraging its main partners to accept the measures taken by the FRS and the American administration. This approach stems from the distinctive features of the foreign economic position of the United States in the first half of the 1980's and from its ability to pursue its own economic policy for some time without any consideration for the currency exchange rate and the balance of payments.

The United States actually wants to revive the dollar standard, but on a new basis. In the past, the less substantial development of the foreign economic sphere and, above all, of world financial markets required only intervention by all countries besides the United States for the purpose of keeping the exchange rates of their currencies within certain limits ($\pm$1 percent) in relation to the dollar. Now, however, the United States is recommending that its partners give up their independence in the sphere of domestic economic policy to restore the stability of exchange rates. If this plan should be accepted, the FRS and the United States will have much more influence on the policies of other countries regarding the issuance of currency, taxation, credit regulation, etc. This is precisely how the United States sees the "new Bretton Woods."

Under the specific conditions of the first half of the 1980's, the United States' main partners, especially the FRG and Japan, were advised to pursue a policy of more active budgetary stimulation--that is, to increase their already sizeable budget deficits. In the opinion of the American side, this policy should lead to the growth of investments unconnected with exports, which, in combination with a slight rise in interest rates, should cause capital to flow back into these countries and bring about a corresponding rise in the value of their currencies.

In response, the West European states and Japan have insisted that the United States put its own finances in order, stating that the further limitation of credit with the aim of raising interest rates or increasing budget deficits will unavoidably cause substantial economic losses. With good reason, they have pointed out the fact that the U.S. state budget deficit and the high interest rates in the American market are the main causes of problems in the monetary sphere.

Their arguments, however, have been nullified by the Reagan Administration's total reluctance to take any kind of effective measures to put the international currency and financial situation in order and by Washington's attempts

to transfer the burden of at least its partial normalization to the shoulders of other states. In the opinion of the majority of experts, including Americans, the announced U.S. program of budget deficit reduction by 297 billion dollars between 1985 and 1987 is not likely to lower interest rates substantially. In particular, IMF experts believe that the reduction "will be close to the minimum and will be inadequate without the institution of additional measures."[12]

For economic and political reasons, the United States cannot completely ignore the views of its partners. It has to engage in maneuvers and agree to certain compromises. This approach is also dictated by the increasing worries in the United States itself about the future of the dollar, which is gradually losing its firm foundation in connection with the American economy's constantly growing dependence on foreign sources of financing. In the words of FRS Chairman P. Volcker, "the stability of the dollar will depend more and more on events abroad."[13] The deficit in the U.S. balance of trade and American industry's loss of competitive potential in world markets, largely due to the high exchange rate of the dollar, have been increasingly acute problems for the United States. Under these conditions, it has displayed a willingness to discuss monetary reform and practice limited monetary intervention in the event that all actions in the monetary sphere be based on the coordination of the economic policies of leading capitalist countries, which was reaffirmed at the June 1985 conference of the economic and finance ministers of the "Group of 10."

The United States displayed a similar approach at the special meeting of the finance ministers and central bank governors of France, the FRG, Japan, Great Britain and the United States on 22 September 1985 in New York. It was convened because the ominous growth of foreign trade imbalances among the main capitalist countries had further exacerbated monetary conflicts. By threatening to impose import restrictions, the United States won the consent of its allies, especially the FRG and Japan, to stimulate economic activity primarily with the aid of budgetary and monetary leverage. For its part, the United States merely promised to continue carrying out the abovementioned budget deficit reduction program--that is, it did not take on any additional commitments.

It is therefore not surprising that the possibility of making the transition to a more stable system of currency exchange rates is viewed in the West with a large dose of skepticism.

Special Drawing Rights

In accordance with the revised IMF Articles of Agreement, special drawing rights (SDR's) should become the "main reserve asset of the international currency system" in the future.[14] Recent years, however, have demonstrated the lack of objective bases for rapid advancement in this direction. The percentage of SDR's in the monetary system has remained virtually the same. Whereas in 1981 they represented 6.5 percent of all currency reserves, in March 1984 the figure was 6 percent.[15] Now the total amount of SDR's issued by the fund is equivalent to 21.7 billion. Their use is essentially limited

to IMF operations with the governments of member countries and operations between the latter. Just as in the past, the SDR's are only a supplement, and an insignificant one, to currency reserves. National currencies, especially the American dollar, are still the main accounting, payment and reserve medium.

The gradual modification of these units to make them more appealing to holders (the reduction of the number of currencies determining the value of SDR's from 16 to 5, the rise in interest rates to 100 percent of the average rate on short-term loans in the financial markets of the United States, the FRG, England, Japan and France and the cancellation of all restrictions on the use of SDR's by the governments of IMF members) has not perceptibly expanded their use yet. The substantial augmentation of the role of SDR's does not correspond to the objective situation in the contemporary capitalist monetary system. Their transformation into the main reserve asset of the currency system and the corresponding transformation of the IMF into the central world bank are unlikely to occur in the near future, if at all.

All of this, however, does not exclude the possibility of this unit's more active participation in the formation of currency reserves, which has been traditionally advocated by developing countries. They favor not only an increase in the volume of SDR's but also a change in the system of their distribution, which should, in their opinion, not be made proportional to the quotas of IMF countries but should be based on their need for liquid resources. In other words, the developing countries want to increase the redistributive function of SDR's and turn them into a source of financial assistance on relatively preferential terms.

The demands of the developing countries, however, have been resisted by the West, headed by the United States, which takes a negative view of any substantial increase in the volume of SDR's even within the framework of the existing system of their allocation proportionate to quotas. As a result, the volume has remained the same since January 1981.

At the same time, the upheavals in the currency and financial sphere and, above all, the debt crisis have forced some capitalist countries to take a new look at the possibility of issuing more of these international units. In particular, during talks on monetary reform within the "Group of 10," France proposed the distribution of new SDR's to the developing countries suffering most from the reduction of bank credit. In its opinion, the augmentation of the currency reserves of these states will increase their solvency, which will provide them with new bank funds and thereby alleviate the indebtedness situation to some degree and will contribute to the greater stability of the monetary system as a whole. This point of view was supported by Belgium and Italy.

Above all, this proposal signifies an acknowledgement of the private sector's inability to secure the necessary financing for developing countries. Besides this, it represents an attempt to change the existing unfair mechanism of SDR issuance. The allocation of SDR's proportionate to IMF quotas actually signifies the highest increase in their volume for the main

capitalist states, which need this least. The share of the developing countries is quite insignificant, on the other hand, and did not exceed 19 percent at the beginning of 1983.

The French initiative was opposed by many members of the "Group of 10." England, the FRG and Japan, for example, felt that an increase in SDR volume would have inflationary consequences in the capitalist economy. The most inflexible stand was taken by the American administration, which feels that the volume of bank credit is now completely adequate and that only the international capital market can distribute resources among countries effectively. The White House blames the reduction in credit for many developing states solely on their "incorrect" domestic economic policy. Financing in the form of new SDR allocations will, in its opinion, only delay the economic reforms needed in these countries for the restoration of solvency.

Belgium's compromise proposal regarding so-called "standby" SDR's did not win the approval of the United States either. In line with this proposal, the use of SDR's by any country would depend on its acceptance of an IMF economic program. In other words, the United States is making another effort to dictate its own terms to developing countries dependent on American banking monopolies, and this could inhibit the augmentation of the IMF's role in international financing.

The Role of the International Monetary Fund

The objective need to strengthen the international regulation of currency relations is augmenting the role of the IMF, which has been increasingly active in coordinating changes in the economic policy of individual states and in the activity of the private sector. What is more, the United States is trying to use this process in its own interests. On the one hand, it is making every effort to prevent the fund from becoming more independent and its activity from becoming more democratic and, on the other, it is trying to use this organization for stronger control over developing states receiving IMF credit and over the activities of the main capitalist countries.

By making the coordination of economic policy the central aspect of international monetary reform, the United States would like to turn the fund into an organization issuing compulsory recommendations to its members. Questions of international financing, on the contrary, should be, in Washington's opinion, the responsibility of the private sector--that is, primarily of American banks.

At the insistence of the United States, the amended Articles of Agreement of the fund included a statement on the right to oversee the policy of member countries in the sphere of currency exchange rates. It is exercised in the form of annual consultations with these countries and recommendations with regard to their policies, although these are not binding. The IMF is only able to pressure a country when the latter makes a request for credit, but since 1979 the developed capitalist countries have virtually had no need for the resources of the fund.

In an attempt to increase IMF influence on developed capitalist countries, Washington is trying to heighten the significance of its recommendations (in particular, by proposing that the annual consultations of member states with the fund directors be conducted on the level of finance ministers) and to extend its supervision to the main aspects of the domestic economic policies of these countries, especially the "Group of 10." It must be said that the IMF has already had some experience in this kind of activity. This is the so-called multilateral supervision consisting in the analysis of the scales and nature of the effects of the policies of leading capitalist countries on the world capitalist economy as a whole. The main form of multilateral supervision is the discussion of a report on the state of the world economy by the executive directors and interim committee of the fund. The report is prepared by its staff twice a year. These measures are now to be supplemented by as many private multilateral consultations as possible on specific questions pertaining to the credit and fiscal policies of the main capitalist countries and to problems in international trade and the movement of capital, with the subsequent widespread publication of relevant reports.

In recent years the IMF has concentrated more and more on the analysis of medium- and long-range tendencies in the domestic and foreign economic policies of leading countries and on ways of balancing their policies to improve the functioning of international currency markets. This could turn the IMF into the most important element of international state-monopolist regulation, into something like a center for the coordination of economic strategy throughout the world capitalist economy.

To date, the fund's recommendations have frequently been ignored by its members and usually remain on the level of good intentions. Above all, this applies to the United States, which views the oversight process as a "one-way street." It must be said that the United States' chief allies do not object to the expansion of IMF supervision in principle, hoping that this will allow them to exert more influence on the American administration and the FRS board and will facilitate the conclusion of mutually acceptable agreements on matters of economic policy.

The IMF staff is pursuing this aim. It is striving to reconcile the positions of the main capitalist states and to convince them, especially the United States, to agree to certain compromises. For example, in a report on the state of the world economy submitted to the Interim Committee in April 1985, the fund again recommended the reduction of the U.S. budget deficit and a considerable lower dollar exchange rate. Fund experts also disagreed with Washington's opinion regarding the need for the more intense stimulation of commercial activity in the West European states. The report stressed that "the economic policy conducted to date by the majority of countries is quite intelligent and is beginning to produce results" and, consequently, "there is no reason to make changes in the budget and credit policies of the West European states and Japan."[16]

The United States is not happy with this approach to the issue of supervision because it does not wish to be bound by any kind of specific commitments.

"The monetary policy of the United States," the WALL STREET JOURNAL commented in this connection, "has long been the target of criticism by the most diverse organizations...without any perceptible results. Why then should IMF supervision be more successful?"[17] The United States' obvious desire to use this international organization to exert additional pressure on its partner-rivals has caused them to take a cautious approach to the plans to strengthen the IMF. In particular, the FRG Government unequivocally asserted that "the role of the IMF should consist primarily in coordinating and advisory functions. National governments should retain real control over economic policy."[18] Therefore, the constant disagreements between the leading capitalist countries have kept the ambitious plans for the organization of an effective supranational coordinating mechanism within the IMF framework from rising above the level of good intentions.

Equally acute conflicts between the United States and the developing countries have been engendered by questions of IMF credit policy. The need to correct glaring imbalances in international payments since the middle of the 1970's has caused the fund to revise some of the quantitative and qualitative aspects of this policy.

Credit is now extended for longer periods and in a greater variety of forms and the volume of allowable drawings in relation to quotas has been increased substantially. For example, in line with a resolution passed in March 1981, a country can annually apply for credit in the amount of 150 percent of its quota and, correspondingly, 450 percent over a 3-year period. In all, fund members are allowed to make use of various types of IMF resources within the limits of a sum not exceeding 600 percent of the quota.[19]

These changes in fund policy perceptibly augmented its volume of credit operations. Whereas in 1978 it extended loans totaling 2.6 billion dollars, the figure in 1984 was 10.7 billion.[20] At the end of April 1984 the IMF had 35 credit agreements with fund members for a total sum of 19.5 billion dollars, 9.8 billion of which had not been received by borrowers yet.[21] Its share of the balance-of-payments financing of developing countries was 18 percent in 1983, as compared to 3-4 percent throughout most of the 1970's.

The events of recent years have demonstrated that the IMF administrators and the main capitalist countries, especially the United States, regarded the slight liberalization of crediting as a temporary deviation dictated by the specific conditions of the 1970's. Fund policy became stricter in the first half of the current decade. This took the form of a much higher percentage of credit accompanied by terms regarding economic policy. For example, whereas in the second half of the 1970's the credit on stricter terms did not exceed 40 percent of the total, between 1981 and 1984 it rose to 77 percent on the average.[22] In other words, the acquisition of most IMF resources requires developing countries to make painful and not always justified changes in their economies. Furthermore, the United States is now insisting on the reduction of IMF crediting for the purpose of accelerating these changes.

The U.S. position stems mainly from the new possibility of exerting pressure on developing countries through the IMF even without any substantial use of

its resources. This was primarily a result of the critical indebtedness of young states, as a result of which private banks have sharply reduced the new funds available to them. Whereas in 1981 the new credit extended to developing countries not belonging to OPEC amounted to around 32 billion dollars, in 1984 the figure was 19 billion.[23]

The reduced crediting of the majority of debtors by private banks has augmented the role of the fund. One of the most renowned American experts on currency and finance, M. Moffitt, remarked that "the global debt crisis has breathed new life into the IMF."[24] Now private banks are more likely to agree to the revision of the payment schedules of old debts and to the extension of new credit only after the debtor country has concluded an agreement with the IMF on a strict economic "stabilization program."

In this way, the reinforcement of the fund's supervisory functions has been accompanied by the relatively diminished ability of young states to obtain financial resources from it. In particular, at the annual session of the organization in September 1984, the United States insisted, with no regard for the objections of developing states and many developed capitalist states, on the adoption of a decision to reduce the annual credit limit to 95 percent of the quota. The credit limit for the 3-year period would be lowered accordingly to 280 percent.

This is occurring in spite of the recently disclosed shortcomings of private forms of international financing due to their instability, which has put the issue of heightened participation in this process by government resources squarely on the agenda. But the United States needs "reliance on the market" to spread its influence throughout the developing countries and the world capitalist economy as a whole. It regards an increase in the relatively stable and predictable financial flows on the intergovernmental level and through the channel of international organizations as a loss of control over the mechanism of international financing and as a threat to the interests of its industrial and banking monopolies.

Under U.S. pressure, international financial markets are still largely under the control of spontaneous market forces.

FOOTNOTES

1. THE BANKER, January 1981, p 19.

2. WEST-OST JOURNAL, September 1983.

3. "BIS, International Banking Developments, 4th Quarter 1984," Basel, April 1985, Table 1.

4. THE NEW YORK TIMES, 29 March 1983.

5. FINANCIAL TIMES, 15 March 1985.

6. See, for example, P. Korteweg, "Exchange-Rate Policy, Monetary Policy and Real Exchange-Rate Variability," Princeton (N.J.), 1980, p 18.

7. For a discussion of the reasons for this, see SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1985, No 4, pp 21-34.

8. FINANCIAL TIMES, 15 March 1985.

9. R. Putnam and N. Bayne, "Hanging Together. The Seven-Power Summits," Cambridge (Mass.), 1984, p 223.

10. Ibid., p 2.

11. INTERNATIONAL HERALD TRIBUNE, 12-13 March 1983.

12. LE MONDE, 21/22 April 1985.

13. BUSINESS WEEK, 22 February 1984, p 28.

14. "Articles of Agreement of the IMF, As Amended Effective April 1, 1978," Art VIII, sec 7, p 33.

15. "IMF Annual Report 1984," Wash., 1984, p 71.

16. AJEFI, 22 April 1985.

17. THE WALL STREET JOURNAL, 29 May 1985.

18. FINANCIAL TIMES, 8 June 1984.

19. "IMF Survey Supplement on the Fund," Wash., May 1981, pp 6-10.

20. "IMF Annual Report 1984," p 77.

21. Ibid., p 73.

22. "IMF Annual Report 1983," Wash., 1983, p 86; "IMF Annual Report 1984," p 77.

23. INVESTIR, 4 March 1985.

24. M. Moffitt, "The World's Money. International Banking from Bretton Woods to the Bank of Insolvency," N.Y., 1983, p 122.

8588
CSO: 1803/03

CLOSENING OF TIES BETWEEN U.S., ITALY DECRIED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 26-37

[Article by A. N. Vinogradov: "Italy in Washington's Plans"]

[Text] In terms of volume, content and diversity of interrelations, the United States has long been the leader in Italy's alliances with the leading capitalist states. The Italian leaders, who essentially support the Reagan Administration's overtly aggressive and belligerent militarist line in international affairs, have nevertheless not concealed their growing worries about the aggravation of the international situation and have tried to avoid any kind of major changes in their mutually beneficial cooperation with the Soviet Union and the European socialist countries. This has given rise to perceptible ambiguity and contradictions in Italian foreign policy in general and in its main element, which is still its dominant feature--the close alliance with the United States and "Atlantic solidarity."

A few words should also be said about the significant evolution of Italo-American bilateral relations in the 1960's and 1970's. It was a complicated and frequently ambiguous process. It was largely the result of cardinal changes in the balance of power between East and West on the international scene and of the birth of centrifugal tendencies within NATO. The earlier unconditional agreement with Washington and obsequious support of almost all of its actions, which were so typical of the period from the late 1940's to the early 1960's, gradually gave way to Italy's display of comparative independence and self-sufficiency in international relations. In essence, we could say that a long-overdue balance in U.S.-Italian relations was engendered in the mid-1960's by the radical revision of the entire range of Italo-American contacts. The process of "reassessment" and "reorganization" was begun by the Kennedy Administration. The Johnson Administration continued to adhere to this "new policy line," correcting it in certain ways, and under R. Nixon and G. Ford (1968-1976) the "Washington-Rome axis" had already essentially acquired its present appearance. Its distinctive feature was the complete release of Italy from its previous unenviable role as errand-boy and second-grade vassal and its promotion to the status of one of the United States' solid partners in the worldwide capitalist system. Old habits, however, are hard to break: In its behavior, America sometimes reverts to its earlier undivided imperious rule in the Apennines. This is reflected in

stubborn attempts to prevent the successful development of Italy's political and commercial cooperation with the USSR, in the obvious desire to motivate Italy to take a more active part in the intensification of NATO military preparations and in the unconcealed interference in Italian domestic politics on the side of rightwing bourgeois parties with simultaneous categorical warnings against possible PCI [Italian Communist Party] participation in government in any form whatsoever.

The United States has a broad network of military bases, experimental testing and training camps, firing ranges and depots in Italy--58 military installations in all.[1] There are more than 15,000 American servicemen here.[2] The planes of the U.S. Air Force regularly use the airports in Pisa, Ghedi, Aviano, Catania, Rimini and Gioia del Colle, and the largest NATO air bases in Europe and nuclear ammunition depots are located in Sigonella (Sicily), Vicenza (Veneto) and Capo di Chino (near Naples). One of the biggest ports in Europe, Naples, is the headquarters of the allied commander of NATO forces in Southern Europe and the main base of the American Sixth Fleet along with the cities of Taranto, Palermo and Livorno (the latter is the home of the NATO naval academy). The allied command of the North Atlantic bloc's naval aviation in the Mediterannean, created in November 1968, is located in Bagnoli (near Naples). The Port of Gaeta became the base of the flagship of the Sixth Fleet at the end of the 1960's. American military bases are located in the northeast, in the cities of Longara, Vicenza, Portogruaro, Codogno, Oderzo, Bovolone and Zelo, and the island of Sardinia has long performed the functions of an "unsinkable aircraft carrier" in the NATO system: American NATO bases are located in Perdasdefogu and Decimomannu, and ships of the Sixth Fleet frequently cruise the waters of Capo Teulada, where they have permanent moorings. The U.S. Marines (some "rapid deployment force" subunits) regularly undergo training exercises in Golfo delli Aranci. Isola Maddalena (north of Sardinia) is not only a base of the Sixth Fleet but also a permanent port of hail for a division of American nuclear submarines equipped with Trident missiles and the site of the floating base of the Sixth Fleet's submarine forces--the "Gilmer" and the "Orion" alternately.

The deployment of the first group of American land-based cruise missiles with a range of 2,600 kilometers began in Comiso (Sicily) in December 1983 and is now progressing at full speed. In March 1985 they numbered 32 (in all, 112 missiles are to be deployed by 1988). According to the estimates of American General B. Rogers, supreme allied commander of NATO forces in Europe, "Italy represents the basis of our (that is, NATO's--A. V.) entire military system in Southern Europe and in the Mediterranean."[3]

In recent years Italian ruling circles have repeatedly underscored the immutability of their NATO military and political commitments and have insisted on the maintenance of the American military presence in Europe. Italy has regularly increased its military budget in response to the Pentagon's persistent demands: It was 5.78 trillion lire in 1980,[4] 7.7 trillion in 1981,[5] over 10.149 trillion in 1982,[6] 12.6 trillion in 1983,[7] 15.1 trillion in 1984,[8] and 16.38 trillion in 1985.[9]

The economic factor plays an important and complex role in American-Italian relations. Since the middle of the 1960's the United States has steadily

ranked third among Italy's foreign trade partners after the FRG and France. In 1984 there was a 46.1-percent increase in Italian exports to the United States and a 12-percent increase in Italian imports from the United States.[10] In 1984 there were 576 American firms and 1,048 subsidiaries of U.S. firms in Italy--that is, around 40 percent of all foreign companies,[11] which produced 6 percent of the gross national product, accounted for 6 percent of Italian exports and employed 200,000 blue- and white-collar workers.[12] At the beginning of 1984 American direct capital investments in Italy totaled around 5 billion dollars--that is, 20 percent of all foreign investments in this country.[13] American capital owns 16 of the 25 largest affiliates of TNC's in the Apennines, and the American side is continuing to penetrate such key sectors of Italian industry as machine building, petrochemicals, electronics, food and pharmaceuticals. They account for more than two-thirds of all U.S. investments.

American ruling circles are striving to the maximum to preserve Italy's status as the major link in the reliable assurance of their political, military, strategic and economic influence in Southern Europe and the Mediterranean.

In the late 1970's and early 1980's Washington used the serious escalation of tension in the Persian Gulf and the east Mediterranean as a pretext to methodically carry out a program specifically designed to consolidate Italy's influence and role in U.S. military and political plans.

The bilateral memorandum on military cooperation over the next 20 years, signed in September 1978, provided conclusive evidence of Italy's increased importance in U.S. plans. By the terms of this memorandum, the United States pledged to balance military trade with Italy as quickly as possible by considerably augmenting purchases of Italian combat equipment, weapons and ammunition. At the time when the agreement was concluded, the ratio was 35:1 in the United States' favor, but by the beginning of 1984 the gap had been minimized to 4:1. The American side also promised to promote the sale of Italian military products in third countries. Besides this, Italy obtained access--within the framework of a specially established bilateral commission--to the latest secret U.S. military technology.

High-level political and military contacts became much more frequent in 1980 and 1981. In particular, the United States was visited by Prime Minister F. Cossiga (elected president of Italy for 7 years at the end of June 1985) in January 1980; Minister of Foreign Trade E. Manca, Minister of Foreign Affairs E. Colombo and DC [Christian Democratic Party] Political Secretary F. Niccoli in February 1981; Admiral D. Torrizzi, Italian chief of general staff, in March 1981. In turn, Italy was visited by President J. Carter in June 1980 and by members of the Reagan Administration in spring 1981--Secretary of Defense C. Weinberger and Secretary of State A. Haig.

The most conservative groups in Italy, especially the DC right wing, reacted with unconcealed satisfaction to Reagan's victory in the 1980 presidential election and the return of the Republicans to power in the United States. In turn, in one of his first interviews, published in the Italian weekly

SETTIMANALE, the new President of the United States expressed willingness to promote the further expansion of bilateral contacts "to strengthen the already fine relationship between our two countries."[14]

In October 1981 Italy was the first of the NATO countries to announce the inclusion of its military contingent in the so-called "multinational peace-keeping force" in Sinai,[15] which was created under U.S. auspices and took the place of Israeli occupation troops in Sinai on 26 April 1982. This attested to the further substantial convergence of Italian and U.S. positions on the Mideast conflict and the accelerated departure of Italian diplomacy from the principles of the 13 June 1980 Venice Declaration of the EEC countries on the Middle East.

At the end of 1981 Rome actively supported Reagan's notorious "zero option." Chairman G. Spadolini of the Italian Council of Ministers announced that he took an "extremely positive" view of it.

On 16 December 1981 the Italian Government followed the U.S. lead in harshly condemning the institution of martial law in Poland. The Italian premier responded without delay to the White House master's demand for "close interaction by the United States and Western Europe as quickly as possible for the determination of a common line of behavior in connection with the Polish crisis."[16] He also reported a decision to break off the talks with the Soviet Union on Italy's possible participation in the construction of the Urengoy--Pomary--Uzhgorod pipeline, referring to "the urgent need for a pause for reflection."[17]

The heightened ally loyalty of Italian ruling circles was duly noted on the other side of the Atlantic. The American WASHINGTON POST commented: "No matter what kind of disagreements might arise within NATO, Italy represents a bright spot in contrast to the general background, at least from Washington's point of view, and this should at least compensate for some difficulties with other countries."[18]

President A. Pertini was in the United States on an official visit from 24 March to 1 April 1982--the fifth visit by the Italian head of state to this country since the war. During talks in Washington, where NATO strength, East-West relations and the situations in the Middle East and Central America were discussed, "the two sides expressed absolutely identical views on almost everything," the NEW YORK TIMES reported.[19] The exceptions to the rule were the issue of El Salvador, because Pertini was against the U.S. military aid to the local military junta, and economic cooperation with the Socialist countries, because the Italian representatives did not conceal their intention to finally follow the example of the French and West Germans and sign an agreement with the USSR on the construction of the Siberian pipeline. Eventually, however, the Italian president supported Ronald Reagan's so-called "Caribbean initiative."[20]

Apparently, Ronald Reagan hoped to influence other allies when he informed Italy of "the U.S. Government's special gratitude for its constant efforts to strengthen Western unity."[21] American officials from among the President's

closest associates worked toward the same goal. Making references to the "genuinely flourishing" Italo-American relationship, they stressed that the United States "appears to have rediscovered Italy and now regards it as one of its best allies and privileged partners."[22]

The tone of subsequent American-Italian summit meetings was the same (the main ones were Reagan's trip to Italy in June 1982 and Prime Minister G. Spadolini's official visit to the United States in November 1982). As a rule, East-West relations, especially their economic aspects, and the situation in the Middle East were the focus of attention. The general result of these contacts was the following: Italy still supports the American administration's political and economic line in relations with the USSR and the socialist countries, but it has resisted American pressure whenever its own interests are at stake and has insisted on maintaining mutually beneficial commercial, scientific and technical contacts with these states. Rome unconditionally supported Washington's anti-Arab "peace plan" for the Middle East of 1 September 1982 by consenting to increase the size of Italy's military contingent in the "international quadripartite disengagement force" in Lebanon (there were 2,500 Italian servicemen there until February 1984). Ronald Reagan responded by stating that "the United States has no better friend in the world than Italy."[23]

The results of the special parliamentary elections in the Apennines on 26 and 27 June 1983 evoked overseas intervention. The White House was alarmed because the DC, which had been known throughout the postwar period as the undisputed "number-one partner" on the other side of the Atlantic, won only 33 percent of the vote--"the DC's biggest election defeat," according to the WASHINGTON POST, "of the last 30 years."[24] "The results of the election," commented the WALL STREET JOURNAL, "held out the prospect of continuous instability and confusion."[25] Nevertheless, the leader of the Italian Socialist Party (PSI), B. Craxi, formed a cabinet on 4 August on the previous five-party basis and became the first Socialist prime minister in Italian history. Three of the key positions in his government--vice chairman of the Council of Ministers, minister of foreign affairs and minister of defense--were given to the most prominent political figures in the country, three men known as confirmed "Atlanticists" and ardent champions of a strong alliance with the United States--former Prime Ministers A. Forlani, G. Andreotti and G. Spadolini. The composition of the "Craxi team" evoked positive responses from the American "big press." For example, the NEW YORK TIMES stated: "Craxi is a political paradox. Although he is a Socialist, he is known as a pro-Western, pro-NATO politician and an anticommunist. Craxi resolutely supports the deployment of American cruise missiles in Italy and does not believe in the efficacy of the nationalization of industry and banks, maintaining that an open market and private enterprise are fully consistent with socialism."[26]

In his speeches as prime minister, particularly his policy statement to the Chamber of Deputies on 9 August 1983, Craxi confirmed the stability of the previous line of close and all-round cooperation with the United States, stressing that "a strong system of friendly relations binds Italy above all to the United States of America."[27] Subsequent events demonstrated conclusively that this statement was not in any sense merely a common diplomatic

courtesy. Within a month, Rome had perceptibly intensified its efforts to support the U.S. position at the Geneva talks on the limitation of nuclear weapons in Europe. It vigorously promoted the quicker implementation of the NATO "double decision," praising the "flexible and realistic approach of the United States" and agreeing with the "absolute impossibility of including English and French nuclear systems in the negotiations in Geneva."[28]

During Craxi's U.S. visit in October 1983, some disagreements also came to light: The Italian prime minister, for example, unequivocally expressed "frank disagreement" with some of the more odious aspects of American policy in Central America, underscoring the urgent need for a political solution, and certainly not a military one, to the problems of this region. He also advocated periodic consultations between Rome and Washington and the regular mutual coordination of their political and military actions in relations with Libya, calling attention to Italy's extensive economic interests in this country and the permanent presence of many Italian personnel there--over 20,000 engineers, technicians and workers. Although Craxi expressed an interest in the considerable expansion of commercial relations with the United States, he said that, in his opinion, America should considerably reduce its excessively high bank interest rates and lower its protectionist customs tariffs, and then take the initiative in making a "conciliatory move" by relaxing the fierce competition with the EEC in such spheres as ferrous metallurgy and agriculture.

The additional duties the Americans levied on Italian footwear, wine and pasta, Italy's three main exports to the New World, aroused substantial and unconcealed worries in Rome. This problem became particularly acute in June and July 1985. The Italian business community's anger and anxiety were completely understandable: In 1984, for example, around 60 percent of the foreign wine imported by the United States was Italian. At the same time, Italy ranked fourth among the countries of the world--after Taiwan, South Korea and Brazil--and first among the Common Market countries in exports of footwear to the United States, "throwing" over 63 million pairs of leather footwear on the American market in 1984 for a sum exceeding 1.3 trillion lire, whereas all EEC exports totaled 72 million pairs.[29]

The United States effectively outlawed the world-famous Italian spaghetti by raising tariffs from 1 to 40 percent. Although the new duties officially extended to the products of all EEC countries, they dealt the most severe blow to Italian producers. After all, when the United States imported 36 million tons of pasta from the EEC countries in 1984, 35 million tons, or more than 95 percent, came from Italy.[30] Italy and its partners did not have to go into debt--largely as a result of the resolute stance of Italian representatives in Common Market bodies. The community Council of Ministers immediately approved the institution of countermeasures at the beginning of 1985 against U.S. exports of lemons and walnuts to Western Europe. The duties on them were raised from 8 to 20 percent and from 8 to 30 percent respectively.[31] This acute conflict was only partially resolved in the middle of July: A temporary 4-month "truce" was declared.

An incident unprecedented in the entire postwar period occurred in the relations between Rome and Washington in February 1984: The Italian

Ministry of Foreign Affairs issued a resolute protest to U.S. Ambassador M. Rabb in connection with the evacuation of American soldiers from the Lebanese capital. Washington committed this act and the subsequent concentrated shelling of Beirut by the battleship "New Jersey" without the consent or the knowledge of its allies, who were presented with a fait accompli. "The U.S. administration's actions were called improper and unacceptable in the Italian Ministry of Foreign Affairs,"[32] the Italian press commented.

Some Italian politicians who had not lost the sober and realistic approach to international affairs were nurturing latent fear and anxiety as a result of Reagan's belligerent and militarist policy line. The so-called "Craxi moratorium initiative," reflecting an attempt to promote a somewhat lower level of confrontation between the USSR and the United States, was a demonstration of these feelings. When Craxi was in Portugal on an official visit at the beginning of May 1984, he suggested a freeze on the level of medium-range nuclear missiles in Western Europe and the immediate resumption of the talks on the reduction of nuclear arms in Europe in Geneva. During this period, according to Craxi, the United States and the USSR should simultaneously stop the further deployment of new missiles in Europe. The Italian premier's initiative met with a rebuff from across the ocean: On 5 May Secretary of State G. Shultz sent a message to Foreign Minister G. Andreotti, referring to this move in extremely unflattering terms, calling it "extremely untimely" and expressing the pointedly negative reaction of the United States; Reagan sent Craxi a similar message on 6 May.

The Americans did everything within their power to "completely settle" the "Craxi matter" as quickly as possible. The Italian leader soon had to revise his opinion. At the next Socialist Party congress in Verona in May 1984, he called his Lisbon freeze proposal..."just a thought." In turn, Andreotti informed the Foreign Affairs Commission of the Chamber of Deputies that Italy "has no intention of departing from the NATO general line regarding the deployment of cruise missiles and Pershing II missiles."[33]

On 29 May, after G. Andreotti spoke with G. Shultz in the American capital at the time of the spring session of the NATO Council, the two men noted with apparent satisfaction that "all was forgotten" and ascertained the existence of a "broad operative consensus" between the two countries and the importance of "always remaining prepared for dialogue and firmness in relations with the USSR."[34] "Italy," a special memorandum published in Washington by the White House press office at the beginning of June said, "plays a special role in securing support for the operations of NATO and the American Sixth Fleet in the Mediterranean. The consistency of its policy line of implementing NATO strategy with regard to intermediate-range missiles could be called exemplary.... Bilateral American-Italian relations are developing superbly."[35] Ronald Reagan expressed almost identical sentiments when he made the following statement after talks with B. Craxi at the time of the London meeting of the heads of state and government of the seven leading capitalist countries in June 1984: "Italy is one of the United States' most reliable allies and we have an excellent relationship with this country."[36]

The beginning of 1985 was marked by more active U.S.-Italian political and military contacts. On 10 January U.S. National Security Adviser R. McFarlane

visited Rome. After informing Italian officials of the results of G. Shultz' meeting with Soviet Foreign Minister A. A. Gromyko in Geneva on 7-8 January, he had an obviously negative reaction to the worries B. Craxi and G. Andreotti expressed in connection with Reagan's "Star Wars" plan and with McFarlane's statement that the U.S. agreement to include space issues in the talks with the USSR did not in any sense mean that the American research program on space-based ABM systems would be slowed down, stopped or cancelled.

In the second half of January 1985, Italian Minister of Defense G. Spadolini was in the United States on an official visit. The 5-year contract the Pentagon signed with Beretta, the largest Italian gun firm, for the re-equipping of American armed forces personnel with Beretta guns in place of the outdated Colt for a total cost of 70 million dollars was an extremely indicative prelude to the visit.[37] During talks in Washington, Spadolini assured Reagan of Rome's intention to "adhere unconditionally to earlier commitments" regarding the deployment of cruise missiles. The main tangible result of Spadolini's stay in America was the agreement on an extensive 5-year program of military-commercial contacts between Italy and the United States, intended to contribute effectively to the further equalization of the military trade between the two countries (in 1980, for example, Italy exported weapons and materiel worth 83 billion lire to the United States and purchased U.S. items at a cost of 701 billion lire).[38] There have been recent significant changes in this sphere: In January 1984 the United States reaffirmed its earlier promise to considerably expand purchases of Italian military equipment and materiel. The United States also promised to acquire combat helicopters and minesweepers of the Lerici category within the near future. In general, the Italian military-industrial complex achieved perceptible successes in these years as a result of closer interaction with its senior overseas partner: In 1984 Italy's military exports reached 4.44 trillion lire, representing around 3 percent of all national exports, and the military industry in the Apennines now consists of 200 firms with more than 80,000 employees.[39] A special bilateral commission was formed to draw up and carry out this program.

Italian Prime Minister B. Craxi was in the United States on another official visit at the beginning of March 1985. This new visit was intended to strengthen the entire range of American-Italian relations. In addition, Craxi was acting in the capacity of a Common Market leader, as he was the chairman of the EEC Council of Ministers in the first half of 1985. In connection with this, during his talks with Reagan, Shultz and other members of the American administration, the entire complex of U.S. relations with Western Europe was one of the main topics along with such international issues as East-West dialogue and the situations in the Middle East and Central America. Bilateral relations and the "Strategic Defense Initiative" were also discussed at length. These talks confirmed the almost identical views of the leaders of the two states, or at least a high degree of convergence. Just before the arrival of the guest from the Apennines, the NEW YORK TIMES made the following comment with obvious pleasure: "Craxi is the socialist Reagan can greet with open arms.... He is regarded here as a resolute supporter of American foreign policy and the Western alliance."[40] During a meeting with the President of the United States on 5 March and in a speech at a joint session of both houses of Congress on 6 March, the head of the Italian Government called "the

relations of friendship and cooperation between Italy and the United States inviolable and permanent." He expressed support for Reagan's "Strategic Defense Initiative" and announced "Italy's complete understanding of the peaceful and defensive aims of this program."[42]

Nevertheless, Craxi made a few comments reflecting Rome's characteristically ambiguous and contradictory feelings about the matter. On the one hand, while Craxi was in America he publicly stated that "Italy has displayed considerable and unquestionable interest" in SDI research. Obviously, this attested to strong pressure behind the scenes on the part of the leading Italian military-industrial firms hoping to grow rich on profitable and sweeping contracts. They included such large companies as Aeritalia, Ansaldo (the IRI-Finmeccanica group), Selenia-Spazio (the IRI-STET group), Fiat, Snia-BPD, Elettronica and others. On the other hand, the Italian prime minister expressed the worries of many of his countrymen and the overwhelming majority of Europeans that the realization of the widely publicized "Star Wars" idea would lead unavoidably to an even more dangerous round of the arms race and inevitably engender a new phase of military-political confrontation between the United States and the USSR, which could have the most undesirable implications for Western Europe. Craxi also mentioned the "urgent need," in his opinion, to give the Soviet Union "certain guarantees" at the Geneva talks, with a view to the latter's "legitimate worries" about the "space shield" program. According to Craxi, this program--even its strictly scientific aspects--should not violate the Soviet-American ABM treaty (May 1972) and disrupt the existing military-strategic balance between the two great powers.

This dissociation from the belligerent, militarist U.S. policy line, a partial and barely perceptible dissociation with the almost constant gauging of Washington's reactions to it, but a nevertheless recurring one, had been seen previously. In April 1984 Foreign Minister Andreotti visited Moscow. During talks with Soviet leaders, bilateral relations were discussed as well as cardinal international issues, particularly the limitation of nuclear arms in Europe, the Stockholm conference and the state of affairs in the Middle East, in Central America and in southern Africa. The role of the 1972 protocol on consultations in the maintenance of the political dialogue between the Soviet Union and Italy was underscored. According to a joint Soviet-Italian statement, the two sides "agree that there is an immediate need for collective and constructive efforts to relax tension and consolidate peace." The same document said that "there can be no winners in a nuclear war" and acknowledged the fundamental importance of efforts "to reach agreements on arms limitation and reduction and on the creation of the necessary conditions of trust and security, capable of actually promoting international stability and reducing the danger of war."[43]

Definite progress was also made in the sphere of commercial exchange. A long-range program for the intensification of the economic, industrial and technical cooperation of the two countries during the period up to 1990 was signed in April 1984.

In 1984 bilateral trade reached 4.5 billion rubles after more than doubling within 5 years.[44] Italy was firmly established in third place, after the FRG and Finland, in the USSR's trade with capitalist countries.

A. A. Gromyko's official visit to Italy at the end of February 1985 was an important event in Soviet-Italian relations. This was the sixth time the foreign minister of the Soviet Union had visited the Italian Republic since 1966. A. A. Gromyko spoke with G. Andreotti and was received by Chairman B. Craxi of the Italian Council of Ministers and President A. Pertini. A joint Soviet-Italian statement on the results of the visit stressed the importance of ensuring that "the Geneva talks be conducted in a businesslike and constructive spirit and lead to positive solutions to the problems of preventing an arms race in outer space and radically reducing nuclear arms... on the basis of effective and balanced agreements."[45]

The Soviet Union and Italy noted the importance of the successful conclusion of the Stockholm conference on confidence-building measures, security and disarmament in Europe, which could contribute a great deal to the preservation and reinforcement of the atmosphere of detente and mutually beneficial cooperation on the European continent.

The end of May 1985 was marked by a new important event in Soviet-Italian relations. Talks were conducted successfully in Moscow by Comrades M. S. Gorbachev, N. A. Tikhonov and A. A. Gromyko with Chairman B. Craxi of the Italian Council of Ministers and Minister of Foreign Affairs G. Andreotti, who were visiting the USSR. These contacts evoked widespread positive reactions in Italy and in other European countries. It is interesting that they took place just before the beginning of the second round of Soviet-American talks on nuclear and space weapons in Geneva. It is therefore completely understandable that this was the main topic of discussion. The need to secure the kind of atmosphere in Geneva to promote progress to the maximum was discussed.

The Soviet Union has consistently advocated the creation of this kind of favorable atmosphere. During the Soviet-Italian meetings, there was mutual acknowledgement that the reduction of the increased danger of war will depend largely on the achievement of concrete mutual pledges to prevent an arms race in space and stop this race on earth. In reference to the chances of success in Geneva, Craxi underscored the urgent need for the strict observance of the USSR-U.S. agreement of 8 January 1985 and unconditional adherence to the spirit and letter of the Soviet-American ABM treaty (May 1972).

In addition, it is significant that Italy took a more flexible position on the important issue of the need to take the nuclear missile potential of Great Britain and France, representing part of the common NATO arsenal aimed at the Soviet Union, into account at the Geneva talks on the reduction of nuclear arms in Europe. In a conversation with M. S. Gorbachev on 29 May 1985, Craxi mentioned the obvious expediency of taking French and English nuclear weapons into account in Geneva, "since they are certainly not deployed on the moon."[46]

Soviet-Italian consultations were held in Moscow in June 1985. The two sides discussed a broad range of international issues of a political, economic and sociolegal nature.

Soon afterward, however, Italy underwent an abrupt reversal in the direction of "orthodox Atlanticism" and stronger cooperation with the United States, especially in the military-space sphere. This was attested to by Vice-President G. Bush's official visit to Rome at the end of June 1985 and by the U.S. visit of an Italian delegation headed by General Secretary R. Ruggiero of the Ministry of Foreign Affairs in July 1985, as a result of which Italy's military industry received American contracts worth 5 trillion lire within the framework of the "Strategic Defense Initiative."[47] The culminating point was the meeting of American General J. Abrahamson, head of the "Star Wars" project, with Prime Minister B. Craxi and Defense Minister G. Spadolini in the Italian capital in the last days of August 1985. During their talks, they defined the specific spheres where, in the opinion of both sides, their joint activity seemed most promising. Above all, they discussed laser technology, optical electronics, infrared sensors and high-speed computers. Apparently, France's LE FIGARO was right when it commented that "Italy is already involved in the race for space weapons" and concluded that "the political decision to take part in the SDI project was only the logical conclusion of the economic agreement of the Italian industrialists with the Pentagon."[48]

American-Italian relations were strained considerably in October 1985 by the piratical behavior of the American officials who took the liberty of forcing an Egyptian airliner to land at a NATO base in Sicily in order to seize one of the Palestinian leaders--Abbas. The American side accused him of organizing the hijacking of the Italian steamship "Achille Lauro," although he had aided in freeing the hostages. The Italian authorities, however, did not turn Abbas over to the Americans, and this evoked cries of protest from Washington.

The Craxi cabinet had to resign when Italian Minister of Defense G. Spadolini and his colleagues from the Republican Party who were displeased by the government's "anti-American" actions left the cabinet. After a talk with U.S. Deputy Secretary of State J. Whitehead, who delivered a message from the White House to Rome, Craxi felt it would be best to go to New York, where he met with Reagan on 24 October. The conflict was smoothed over, but it left an unpleasant after-taste in Italy.

Therefore, we are now witnessing the appearance of new, extremely complex and quite contradictory developments in American-Italian relations. There is no question that Italian foreign policy underwent certain changes, and even quite perceptible ones in some cases, in the 1970's. Some of the actions of Italian diplomats were distinguished by obvious realism and a sober approach to the existing balance of power on the international scene. The clearest and most conclusive evidence of this was the desire of Italian authorities to continue expanding the mutually beneficial commercial, scientific, technical and cultural contacts with the USSR and the states of the socialist system and to maintain lively political dialogue with them. A characteristic feature of the Italian Republic's foreign policy at the present time, however, is the increasing tendency toward further convergence with the United States in the political and military-strategic spheres and the invariable agreement with Washington on cardinal problems in contemporary international relations. The

Italian leaders believe that a close alliance with the United States and membership in NATO can secure them a fitting place in the capitalist camp and in the world in general, and that they represent the last reliable base of support in the struggle to maintain and consolidate their own class positions and privileges.

Italy could, however, achieve the genuine enhancement of its authority and international influence by means of peaceful and constructive cooperation among all countries by making its own concrete and sizeable contribution to lowering the level of military and political confrontation and improving the political climate of our planet.

FOOTNOTES

1. LA REPUBBLICA, 20 March 1985.
2. Ibid., 18 February 1985.
3. L'EUROPEO, No 51, 20 December 1979, p 5.
4. CORRIERE DELLA SERA, 21 April 1981.
5. Ibid., 22 January 1981.
6. Ibid., 2 November 1981.
7. LA STAMPA, 7 December 1982.
8. L'ESPRESSO, No 35, 4 September 1983, p 20.
9. PANORAMA, No 967, 29 October 1984, p 63.
10. CORRIERE DELLA SERA, 13 June 1985.
11. INTERNATIONAL HERALD TRIBUNE, 22 April 1985.
12. CORRIERE DELLA SERA, 25 October 1984.
13. SURVEY OF CURRENT BUSINESS, 1984, No 8, p 29.
14. SETTIMANALE, 20 January 1981.
15. In summer 1985 there were 90 men in the Italian subunit: 75 sailors, making up the crews of three minesweepers (the "Mogano," "Palma" and "Bambu") patrolling the Strait of Tiran, and 15 servicemen from the ground forces.
16. CORRIERE DELLA SERA, 31 December 1981.
17. Ibid.

18. THE WASHINGTON POST, 30 January 1982.

19. THE NEW YORK TIMES, 27 March 1982.

20. See A. N. Glinkin, "U.S. Imperialism's Current Strategy in Latin America and the Caribbean," SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA, 1984, No 6--Editor's note.

21. IL POPOLO, 26 March 1982.

22. INTERNATIONAL HERALD TRIBUNE, 27 March 1982.

23. IL POPOLO, 4 November 1982.

24. THE WASHINGTON POST, 29 June 1983.

25. THE WALL STREET JOURNAL, 28 June 1983.

26. THE NEW YORK TIMES, 5 August 1983.

27. RELAZIONI INTERNAZIONALI, 20 August-3 September 1983, p 1127.

28. IL POPOLO, 20 September 1983.

29. L'ESPRESSO, No 26, 30 June 1985, pp 174-175.

30. CORRIERE DELLA SERA, 23 June 1985.

31. INTERNATIONAL HERALD TRIBUNE, 28 June 1985.

32. LA STAMPA, 10 February 1984.

33. IL POPOLO, 17 May 1984.

34. Ibid., 30 May 1984.

35. THE WASHINGTON POST, 1 June 1984.

36. TIMES, 8 June 1984.

37. CORRIERE DELLA SERA, 16 January 1985.

38. PANORAMA, No 980, 27 January 1985, p 36.

39. L'ESPRESSO, No 28, 14 July 1985, p 35.

40. THE NEW YORK TIMES, 3 March 1985.

41. INTERNATIONAL HERALD TRIBUNE, 7 March 1985.

42. THE WASHINGTON POST, 6 March 1985.

43. PRAVDA, 25 April 1984.

44. VNESHNYAYA TORGOVLYA, 1985, No 4, p 13.

45. PRAVDA, 28 February 1985.

46. INTERNATIONAL HERALD TRIBUNE, 30 May 1985.

47. PANORAMA, No 1005, 21 July 1985, p 56.

48. LE FIGARO, 20 August 1985.

8588
CSO: 1803/03

PROBLEMS IN U.S. NUCLEAR POWER INDUSTRY DISCUSSED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 87-97

[Article by I. G. Vasilyeva: "Problems in Nuclear Power Engineering"]

[Text] The successes in the development of nuclear power engineering in the 1960's and 1970's provided grounds for extremely optimistic predictions. This industry was expected to continue its flourishing development in the 1980's, and the capacities of nuclear power plants in Western Europe, North America and Japan were expected to amount to 568 million kilowatts by 1985. At the end of the 1970's, however, the primary role of nuclear power engineering in the resolution of the energy problems of individual capitalist countries was reconsidered. The reassessment was based on economic factors, especially the abrupt rise in AES [nuclear electric power station] building costs. There were a number of reasons--inflation, the higher cost of credit, the longer duration of construction projects, etc. The deterioration of economic conditions in some capitalist countries played an important part by dramatically reducing the demand for electric power. Political, social and ecological factors cannot be ignored either. As a result of the scales of the construction of nuclear plants in several countries (with the exception of France and some others), many projects were cut or cancelled. The development of this industry suffered the greatest slump in the United States.

The Present State of the Industry

The history of the development of nuclear power engineering in the United States is one example of the haphazard and uneven development of the capitalist economy. The first nuclear power plant began operating in 1957 in Pennsylvania, and now there are 84 AES's with a total capacity of 67 million kilowatts.[1] The industry was established with federal and private funds. During the first stages of the development of nuclear power engineering, the business community displayed no interest in it because imported oil was cheap and electrical power engineering did not experience any particular need to economize on organic, primarily hydrocarbon, raw materials. Furthermore, the construction and operation of AES's not only required huge sums of money but also represented a serious undertaking from the technical standpoint. Nevertheless, the federal government placed considerable emphasis on R & D projects and the erection of experimental atomic reactors. This was

accompanied by a concentrated campaign to encourage private investments. Experts made various estimates and compiled forecasts, concluding that the AES's could compete with other sources of energy soon. In the beginning of the 1960's all links of the nuclear fuel cycle, with the exception of the production of enriched uranium, were controlled by private firms.

The vigorous government activity produced results: In the middle of the 1960's the power companies began to order nuclear plants, and by 1968 projected AES capacities were 28 times as great as existing capacities. As science reporters remarked at that time, the fascination with nuclear power engineering produced a chain reaction and helped American firms advance successfully in the world market. The U.S. Export-Import Bank and the transnational companies taking the lead in this industry took an active part in this process. By the beginning of the 1970's the development of nuclear power engineering in many capitalist countries was essentially based on American technology; to a considerable extent, this is still true today.

Nuclear power engineering in the United States rests on its own resource base: The country has a fairly large supply of uranium. Suffice it to say that the United States accounts for around 20 percent of the known deposits in the capitalist world, and in the beginning of 1983 they were estimated at 407,000 tons and probable deposits were estimated at 809,000 tons (this includes all deposits whose extraction is economically expedient at a price of 80-130 dollars per kilogram of uranium).[2] Experts believe that existing deposits will be sufficient over the long range. Substantial capital investments, however, will be required for more extensive prospecting; it is obvious that extraction costs will rise as the richest ores are depleted. For example, the uranium content in new deposits was 0.18 percent in 1975, 0.16 percent in 1976 and 0.15 percent in 1978. Now the working of uranium deposits with a metal content (calculated in uranium mixed-oxide U_3O_8 units) of only 0.10 percent is considered to be economically expedient in the United States. Open-cut mining is a suitable method for around half of all deposits, and others are close to the surface. The Colorado Plateau is the location of more than 50 percent of all deposits, and 35 percent are in Wyoming. More than 350 mines are being worked. The United States also has large deposits of thorium. Ore containing thorium will be exploited commercially only after the start of the industrial use of fast-neutron breeders. The use of this kind of reactor is not being considered at this time. In 1983 the United States decided not to build the 380-megawatt Clinch River breeder, after the work on the project had been going on for several years. This happened when the site was being cleared and when the project was more than 95-percent completed on the planning level. One reason was the insufficient validation of the technological workings of the new installations and the related high cost of electric power, and another was the rising cost of construction, which certainly could not promote greater interest in the new AES technology on the part of power companies.

In 1983 there were 24 plants for the conversion of uranium ore into nuclear fuel (fuel elements--FE) in the United States, but only 12 enterprises were operating. The uranium concentrate output that year reached 9,500 tons. It is indicative that the output of reactor fuel has decreased in the last

5 years (16,800 tons in 1980). Only 31 percent of the production capacities of plants, including discontinued ones, were being used in 1983. Experts have blamed this on supply exceeding demand, large stockpiles and the power companies' preference for imported uranium. As a result of high production costs, the price of uranium concentrate in 1983 was 95 dollars a kilogram on the U.S. domestic market and 71 dollars on the world market. The firms producing atomic reactors are the leaders in the industry. Westinghouse Electric has the largest plant. Its production capacities represent 40 percent of the total capacities of the U.S. reactor engineering industry.

The United States also has the strongest uranium enrichment base. There has been a characteristic emphasis on the remodeling and enlargement of enterprises. In addition, installations with centrifugal and laser enrichment technology are being designed and built. Experts believe that the demand for natural uranium could be considerably diminished by the regeneration of spent nuclear fuel.[3] By 1984 more than 9,000 tons of spent fuel had been accumulated in the United States. Experiments in its reprocessing have just begun. The industrial processing of the spent fuel of nuclear reactors is not expected to begin until at least 2000. As we know, spent fuel contains plutonium, which can be used for military purposes. Some U.S. agencies are now conducting research and development in this field.

The progressive development of nuclear power engineering continued until the middle of the 1970's: By 1973 the capacities of existing AES's exceeded 20 million kilowatts. The exacerbation of energy problems in 1973 and 1974 reaffirmed the need to use nuclear power on a broader scale. It was then that the "self-sufficiency" program was adopted, envisaging the generation of up to 50 percent of all electric power by AES's by the year 2000. The electric power of AES's which began operating in the late 1960's and early 1970's was cheaper than the power generated by TES's [heat and electric power stations] (10 percent cheaper than coal TES's and 50 percent cheaper than oil TES's). Within 10 years--from 1973 to 1983--consumers had saved around 30-40 billion dollars by using the relatively cheap power.[4] Investments in the development of the industry totaled 125 billion dollars by 1984. For the sake of comparison, the space program has cost 100 billion dollars so far.

American nuclear power engineering is distinguished by a fragmented structure and by the existence of a fairly large number of firms producing nuclear reactors and designing and constructing nuclear power plants. The 84 AES's are managed by 43 power companies, and another 15 are now building their first plants. This variety of contractors has led to significant differences in construction methods, plant designs and plant management practices. The production of atomic reactors in the United States is controlled by five firms: Babcock & Wilcox, Combustion Engineering, General Atomic and the leaders--General Electric and Westinghouse Electric; 17 firms design and build nuclear plants. In addition, around 400 companies specialize in AES maintenance. There are 91,400 people employed in nuclear power engineering and the nuclear fuel cycle, half of whom are engaged in the maintenance of industrial and experimental reactors, while another 62,000 are engaged in the planning and design of reactors. Until recently, the industry was

experiencing a definite manpower shortage. According to a recent study, 12.5 percent of all the jobs in different fields of nuclear power engineering are now vacant, and electric power companies often do not have enough specialists in certain fields. There is an even more serious shortage of designers of nuclear reactors; there are not enough experts on radiation protection and on the effects of radiation on human health. The manpower shortage is due to the reduced scales of specialist training, as students are losing interest in this industry in connection with its uncertain future. This is why some power companies have begun to finance nuclear power engineering curricula in colleges and universities. The personnel problem, however, is expected to continue. According to estimates, 6,000 engineers and 3,000 technicians will be needed before 1991, and 7,000 of them will be needed just to make up for personnel turnover.

Causes of Crisis

For almost two decades the development of nuclear power engineering in the United States provided grounds, as we already mentioned, for extremely optimistic predictions. Plans envisaged the construction of over 1,000 plants by the end of the century with an estimated total capacity of 1,000 gigawatts (1 GW = 1 million kilowatts). In the past decade, however, the situation has changed radically, and now the previous program is obviously being curtailed. The construction of 87 AES's was cancelled between 1975 and 1983 in spite of the fact that large sums had already been invested in the projects. Another 16 AES projects with capital investments totaling 5.5-7 billion dollars are expected to be cancelled in the next few years.[5] Since 1978, no private firm has ordered a single plant. Several factors lie at the basis of this crisis, as we already mentioned. The role of nuclear power engineering and its prospects were obviously reassessed because there had been no consideration for the great variety of possible changes characteristic of the capitalist development of new industries. For example, uranium price forecasts turned out to be wrong: There was a sixfold increase in the commodities market just in 1973.[6] Many companies planned their development in the early 1970's on the basis of data for the 1960's. There was no consideration for the possible demand for electric power in connection with its higher cost. The optimistic forecasts led to the adoption of the so-called "series" system of sectorial development--that is, the construction of one plant after another, which provided no opportunity to compensate for mistakes arising during the construction process.[7]

In addition to these subjective causes, objective factors also had a significant effect on the development of the industry: Operational conditions changed radically. First of all, the rate of increase in the demand for electric power declined sharply, and this affected the development of nuclear power engineering and of power engineering in general. For example, there were fewer new TES's operating on coal, which had produced more than 50 percent of the electric power in the country. Whereas the demand for electric power rose 7 percent between 1960 and 1972, the average rate between 1976 and 1982 was only 2.6 percent. American experts now have no common opinion on the rate of increase in the demand for electric power until the end of this century. For example, power companies have estimated it at 2.9 percent a year until 1992, the Department of Energy has predicted a 4-percent increase,

and the Edison Electric Institute has predicted 5 percent. This broad range of estimates is primarily connected with differences in forecasts of future GNP growth rates.

Secondly, the financial position of power companies has suffered as a result of the general state of the American economy in the last decade. The high rates of inflation and the rising interest rates have made the financing of large projects much more difficult. Whereas these companies almost never experienced a shortage of funds in the 1950's and 1960's, the construction of nuclear plants considerably depleted the budgets of many firms. In just 12 years, from 1970 to 1982, private capital investments in nuclear power engineering rose from 2 billion to 19 billion dollars in current prices, a fourfold increase in constant prices. In 1983 expenditures on the construction of AES's represented two-thirds of the allocations for the construction of all new power facilities. In all, expenditures on the development of nuclear power engineering represented more than a fourth of annual investments in new enterprises and equipment in the U.S. processing industry and were three times as great as capital investments in the automotive industry.[8] This lowered the economic indicators of the performance of companies engaged in the construction and operation of AES's and lowered the value of their securities, which did not help to stabilize the situation either. The result of all this was the rise of power prices--a threefold increase between 1973 and 1983. As for the future, the opinions of experts diverge dramatically. The projected annual rise of electric power rates up to the beginning of the 1990's ranges from 1.4 percent (the estimate of the Department of Energy) to 3-3.5 percent (the estimate of the Data Resources corporation). These differences stem from different forecasts of coal prices, of the building costs of AES's and TES's operating on coal and of future power rates set by state commissions. Almost all forecasts, however, predict the slower rise of prices in the 1980's in connection with the higher percentage of old plants and the reduces scales of new construction. The tendency toward the reduction of the energy requirements of production and toward energy conservation will probably continue in the United States as a whole. This means that energy supply problems will not be as acute.

The substantial rise in the cost of building the already capital-intensive AES's played an important role in the financial problems of U.S. power companies. Actual expenditures on AES construction in the middle of the 1970's were 5-10 times as high as the estimated cost, and each of these plants cost from 3 to 6 billion dollars. Whereas in the beginning of the 1970's each kilowatt of installed capacity in a completed AES cost 150-300 dollars, in 1983 the cost was already 1,000-3,000 dollars. This is almost twice as high as the indicator for coal TES's. Furthermore, there was a significant rise in operational expenditures: They rose at a rate of 18 percent a year in the past decade. In the beginning of the 1980's the management and operation of an AES required 30 million dollars a year (excluding the cost of fuel, which accounts for only 10 percent of total expenses). Large sums were required for the elimination of various defects in the designs of reactors and other pieces of plant equipment.

There were several reasons for the rise in construction costs. An important role was played by the longer duration of construction projects--a purely

American feature--from 6-7 years to 13 or 14. There was virtually no change for coal TES's. The longer duration was due to stricter operational safety regulations. Besides this, the development of nuclear power engineering was accompanied by an increase in material requirements and the complication of the entire construction process. Calculations showed that the amount of concrete, pipe and cable used in the construction of an AES of average size doubled in the last decade. The entire construction process also became more labor-intensive, and this gave rise to the need for additional manpower. The number of AES personnel more than tripled over the last 10 years. According to the estimates of experts from the Atomic Industrial Forum, the volume of work involved in the construction of a modern plant increased by 50-85 percent over the past few years.[9]

Experts have named technological defects as another cause of the higher construction costs. There is the opinion that nuclear power engineering in the United States did not undergo certain stages in its development which are necessary for the establishment of a new industry--in particular, the augmentation of reactor power was conducted too quickly. For example, it rose from 285 megawatts to 1,170 between 1962 and 1967, and companies had no chance to accumulate enough experience from the operation of reactors of 500, 750 and 900 megawatts. There was a wide gap between different generations of reactors. Nuclear power engineering developed along the pattern of AES enlargement because large-scale construction usually reduces proportional costs. Increasing the dimensions of plants, however, gave rise to many technical and managerial problems. Besides this, increasing the size of the AES's led to increased quantities of radioactive waste in all production links--from the extraction of uranium to the generation of power. Now there are virtually no precise estimates of waste treatment and disposal costs. Power companies are charged 1 dollar for each 1,000 kilowatt-hours of generated power to finance budget allocations for the burial of this waste in the United States.

The increase in capital expenditures on the construction of AES's raised the question of how high construction costs could rise before the AES's would no longer be able to compete with coal TES's. Calculations indicate that if AES construction costs are only 20-40 percent higher than TES construction costs, the operation of the AES's will be more profitable. Experience has shown, however, that the difference is much greater. Besides this, the difficulties experienced by nuclear power engineering have been compounded by the partial use of capacities. The figure is now around 60 percent (as compared to the projected 75-80 percent). Furthermore, two-thirds of the production costs of electric power in AES's consist of capital expenditures and interest on loans.

Experts have estimated that a reduction of 20 percent in the workload of capacities raises the production costs of electricity by 30 percent. Coal-operated TES's are also using only 60 percent of available capacities. Here, however, capital expenditures account for only a third of power production costs, and this reduces the risk of lost profits. American experts believe it is unlikely that AES's with the present level of capital expenditures will be able to produce cheap power within the foreseeable future. A Worldwatch Institute analysis of the state of affairs in nuclear power engineering

testifies that the cost of electric power in plants which begin operating in the middle of the 1980's will be 10-12 cents per kilowatt-hour (in 1982 prices).[10] According to other estimates, the production costs of AES's, coal TES's and oil TES's in 1983 were 3.5 cents, 3.5 cents and 6.4 cents per kilowatt-hour respectively. Apparently, these calculations were based on the performance data of existing AES's, with much lower construction costs.

The state of crisis in nuclear power engineering has naturally affected the operations of various companies in this industry. The production of equipment for AES's is now being curtailed in the United States. According to estimates, the closing of several enterprises reduced total capacities in this industry by two-thirds. The slump in the development of the industry has also affected the production of various types of equipment (excluding reactors) for AES's: The number of firms has decreased by 15-20 percent since 1979.

In 1984 the Congressional Office of Technology Assessment conducted a study of the state of nuclear power engineering in the country.[11] It says that new contracts for the construction of AES's will probably not be awarded in the next 3-5 years. The resumption of construction will then be accompanied by a slight increase in construction costs and construction periods. Consequences will be much more serious if there should be an interval of 10 years. Experts believe, however, that this will not signify the total rejection of nuclear power engineering. This long interval will force American firms to find new sales markets for their products in other countries, until "their own" industry emerges from its present slump.

Patterns of Recovery

The main question facing U.S. power engineering today concerns the "revival" of nuclear power engineering. According to many experts, by 2000 the United States will be unable to satisfy the projected demand for electric power without using nuclear power on a broader scale. The AES share of the power output will be 13 percent. They predict a reduction in the use of oil and gas in the next 15 years, but renewable sources (with the exception of hydroelectric power stations) are still incapable of playing any kind of significant role. The only realistic alternative is coal, but its widespread use will require the resolution of complex ecological problems. It is known, for example, that coal TES's are one of the main sources of atmospheric pollution and acid rain. American experts believe that the revival of nuclear power engineering will be possible only on certain conditions. Many technical problems will have to be solved; some organizational changes in the industry and the reform of the system of AES management will be required; additional financial resources will also be needed, and this presupposes active government participation.

The main objective of the industry is the guaranteed safe and reliable operation of reactors. The reactors in American AES's mainly operate on light water, particularly pressurized-water reactors. Twenty years of experience have proved that these installations are sufficiently safe and economical. There have been more frequent demands, however, for the design and operation of better models of existing reactors or fundamentally new ones. American

experts prefer light-water reactors because the infrastructure of the industry is already complete. Westinghouse Electric, General Electric and other firms are working on their improvement. Experts are trying to reduce the risk of accidents and the probability of malfunctions by making a few changes in the reactor design. Heavy-water reactors, which have been used most widely in Canada, could be an alternative to the light-water reactors now used in the United States. The main feature of the former is the more economical use of fuel. Besides this, design features guarantee their greater reliability and safety. It is also significant that they can operate on unenriched uranium. But the heavy-water reactors are not likely to be used extensively in the United States because the industry has no experience in their operation and not one firm is building them.

American experts believe that high-temperature gas-cooled reactors are the most promising. They are more efficient than light- and heavy-water reactors. They can be used for cogeneration. It is interesting that the very design of these reactors presupposes safer operation. They are cooled with helium, which does not corrode metal surfaces and remains non-radioactive when a neutron current passes through it. The graphite used in the reactor moderator is highly heat-proof, and for this reason the temperature in the reactor core rises slowly in the event of an accident. An experimental AES with a high-temperature reactor has been operating in the United States since 1976 and has conclusively proved its superiority. In the last 7 years its forced cooling system has broken down 17 times, but this has not damaged the core of the reactor. The ASEA-ATOM model designed by a Swedish firm and based on the principle of unconditionally guaranteed safety represents another step in the improvement of nuclear reactors. The designers set out to build a reactor whose operational safety would not be affected by technical malfunctions, errors in control or natural disasters. The core of the reactor is constructed in such a way as to preclude overheating and meltdown, and for this purpose it is completely submerged under water. The reactor automatically shuts off in the event of a leak. This feature of the new type of reactor makes it extremely appealing. Changes added to the design after the construction of the basic model, however, have given rise to special problems. There is the need to produce new components, create new materials and develop new methods of control, and the cost of all this is quite high.

Recent American studies have frequently discussed the prospects for the use of low- and medium-power reactors (up to 600,000 kilowatts). This could reduce the amount of time required to build an AES, simplify technological systems and safety systems and lower the cost of the entire process. When low- and medium-power plants are being built, modules and standard components can be used, and many units can be delivered to the construction site in assembled form. These plants are easier to adapt to smaller electrical networks and can easily be used to serve remote areas or specific needs. The reduction of the size of AES's considerably reduces the financial risk for the company in the event of a malfunction. Another matter which has been actively discussed in the American press and business community is the standardization of reactors. There are great advantages to this, particularly the rapid accumulation of experience through the exchange of information

by companies, and the result is the more thorough knowledge of the reactor's distinctive features for the organization of the optimal operational system. The use of standard reactors appears extremely convenient from the standpoint of a simpler procedure for the issuance of AES construction licenses. But the problem of standardizing nuclear reactors is still far from solved. The main reason is the fragmented structure of the industry and the complex system of government control.

The reform of the administrative system on the federal level and within the industry itself is seen as one way of "reviving" nuclear power engineering in the United States. Each aspect of its development--from the establishment of the permissible radioactive background of the AES to the choice of its location and the transport and burial of radioactive waste--is subject to government regulation. This is an extremely complex system. There are already around 2,000 different types of regulating documents, and the number is rising.

Local government agencies are responsible for the choice of the specific locations of future AES's, the ecological consequences of their operation, rate-setting, etc. The zoning laws of the state, particularly in coastal regions, can affect the choice of a construction site. State water management agencies also have a say in the matter, considering the power companies' requests for building permits from the standpoint of the amount of water required for the operation of the AES and the proposed method of radioactive waste disposal.

As for federal agencies, they oversee the observance of safety regulations governing the operation of nuclear reactors. The construction of any AES is controlled in two stages. The first is the issuance of a license to build the plant. In the past the power company's application to the Nuclear Regulatory Commission (NRC) contained little information about the design. According to experts, this was one of the main reasons for the many adjustments in design during the construction process.[12] This, in turn, lengthened the construction period and raised the estimated cost. The NRC passed a resolution stipulating that a complete set of the plans for the AES must be attached to the application. The power company must obtain another permit from the federal commission before the plant can begin operating. After the license has been issued, federal agencies conduct inspections of plants; members of the commission verify the correspondence of AES construction and operation to the license regulations. It must be said that NRC control over operations is frequently only a matter of form. As the abovementioned study of the Congressional Office of Technology Assessment pointed out, the present system of fines and penalties does not work effectively. This is due to the relatively low fines (for example, a fine of 500,000 dollars is equivalent to the losses connected with a single day of downtime, and these losses are ultimately transferred to the consumer). The NRC takes virtually no strict measures, such as the closing of plants or the suspension of operating licenses.[13]

In the opinion of many experts, the simplication of the licensing procedure is an essential condition for the development of the industry. Above all, this would presuppose single-stage licensing, in which a single permit would

be issued for the construction and the operation of the AES. The development of a standard AES plan could contribute a great deal to the improvement of regulation in the industry because it would aid in the avoidance of numerous changes during the construction process. American experts have written about this on numerous occasions.

The future development of nuclear power engineering will depend on more than just external factors, such as government regulation. To a considerable extent, the problems arising in this industry in the last decade stemmed from the management of AES's. The distinctive features of the industry gave rise to the virtually autonomous functioning of each AES. Until recently, there has been virtually no interaction by separate companies, and this precludes the exchange of experience. The complexity of AES management, however, requires the use of positive experience and a knowledge of past errors.

The Nuclear Plant Management Institute was founded in 1979 and was joined by all of the companies operating AES's. The institute collects, evaluates and distributes information about the operation of plants. Its main function is the compilation of plans for accident prevention. In 1982, for example, more than 5,000 different summaries and reports by company executives on the results of AES operation were analyzed. Another aspect of institute activity is the organization of informal discussions by representatives of power companies at various symposiums and conferences and in working groups. Now the AES's connected to a single computer network can exchange information with the aid of the "Nuclear Notepad," a special communication system. The institute has organized reciprocal contacts with AES operational services, so that plant administrative personnel can quickly assess a developing situation. A system for the active use of accumulated information was instituted in 1983. It allows operational services to refer directly to a central computer from local terminals for information about equipment failures. All of the plants included in the system for the collection of data on AES reliability have the necessary machines. Now reports on failures (or malfunctions) are issued as soon as they have been detected. Experts believe that the system will become the main source of data on reliability.

Another informational system was also developed in 1983--assessments of significant events and a network envisaging the summarization and, if necessary, analysis of all events reported to the institute (reports on equipment failures, on computer software, etc.). Its creation was dictated by the needs of the nuclear industry, in which relatively minor and insignificant occurrences are indications of serious accidents. It is also penetrating the field of AES construction. Since the time the system was established, it has aided in the formulation of around 300 recommendations. Their implementation is expected to considerably enhance the safety and reliability of AES's. Foreign AES's are participating on a broader scale in the system, making it international. In 1983 special groups assisted AES services in Spain, Mexico and Brazil in the training of personnel, accident prevention, radiation protection and technical maintenance. Now 16 countries are taking part in the work of the institute. Besides this, organizations not directly connected with AES operation (suppliers of equipment and construction firms) are being invited to join.

As we already mentioned, the construction of the AES presupposes participation by several organizations--a power company, a project planning and design firm, a reactor supplier and a construction company. This multilateral responsibility has been one of the main reasons for the problems arising during construction. In connection with this, the concentration of all authority in the hands of a single organization, such as the firm building the reactors, has been suggested. This was the practice in the early 1960's, when AES's were turned over to power companies virtually ready for start-up. Another suggestion concerns the creation of specialized companies to deal with the entire range of operations--from project planning to operating the AES.

It must be said that no American expert has tried to draw any precise conclusions or make any precise predictions with regard to the future of nuclear power engineering in the United States. On the one hand, existing official forecasts presuppose the generation of up to 20 percent of all electric power by nuclear plants by the year 2000. On the other hand, the present state of the industry precludes such optimistic assumptions. Although nuclear power engineering will account for a larger proportion by 2000, since new plants will be operating by that time, the absence of contracts for new construction for almost 7 years now suggests that the situation at the turn of the century will be slightly different, and the prospects for the 21st century are completely indistinct. The use of thermonuclear synthesis has also been virtually removed from the agenda. There has been almost no new information after the first few exciting reports in the American press.

All that is obvious is that the United States is not planning to give up the use of nuclear power engineering, as there is virtually no realistic or expedient alternative to this today. Besides this, and this could be even more important, the United States is unlikely to allow its leadership (technological) in this field in the capitalist world to be undermined. Above all, this concerns stronger influence in the resolution of energy problems in the developing countries. People in the United States are well aware, however, that the survival and successful advancement of nuclear power engineering will depend on the resolution of several problems, requiring more active government participation. The expectation that power companies will agree to bear all of the financial burden of "restoring" the industry was unjustified. The government will have to make an effort, just as it did during the initial stages of the industry's development, to create favorable conditions for private capital at the expense of the taxpayers.

FOOTNOTES

1. BUSINESS WEEK, 10 December 1984, p 58. This plant is already obsolete and has been closed for dismantling. By 2000 around 20 old reactors will be scrapped.

2. "Uranium. Resources, Production and Demand," Paris, December 1983, pp 19, 23.

3. ATOMNAYA TEKHNIKA ZA RUBEZHOM, 1984, No 1, p 48.

4. NUCLEAR NEWS, 1984, No 10, p 108.

5. "Nuclear Power in an Age of Uncertainty," Wash., 1984, p 29.

6. ENERGY POLICY, 1984, No 1, p 63.

7. There is also another pattern of development, the sequential one, in which there are certain intervals between construction projects so that the operational experience of each earlier plant can be used to improve subsequent ones.

8. WORLDWATCH PAPER, No 57, December 1983, p 35.

9. FORBES, 11 February 1985, p 84.

10. WORLDWATCH PAPER, No 57, December 1983, p 59.

11. "Nuclear Power in an Age of Uncertainty."

12. This is precisely the excuse used for the frequent AES malfunctions, including the serious incident at Three Mile Island, which made news all over the world. According to IAEA conclusions, this accident was due not to technical defects in the reactor design, but to the inadequate training of AES service personnel.

13. "Nuclear Power in an Age of Uncertainty," p 167.

8588
CSO: 1803/03

U.S. BOOK ON NUCLEAR FORCES IN EUROPE REVIEWED

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 111-112

[Review by N. N. Nikolayev of book "Nuclear Forces in Europe. Enduring Dilemmas, Present Prospects" by Leon V. Sigal, Washington, The Brookings Institution, 1984, X + 182 pages: "In a Quagmire of Contradictions"]

[Text] This book by Professor Leon Sigal, renowned American expert on nuclear armament issues, is an analysis of the situation resulting from the deployment of the new American intermediate-range nuclear missiles in Western Europe. The author adheres to the positions of "Atlanticism." He proceeds from the traditional premises of anti-Soviet mythology with regard to the decisive Soviet advantage in conventional armed forces and arms in Europe (pp 14-15) and the willingness of the USSR to deliver a pre-emptive nuclear strike if necessary (p 42). Sigal regards the American "nuclear guarantees" as the only basis for West European security. Professor Sigal supports the enhancement of NATO military potential, but he does not always agree with Reagan Administration policy.

For example, he is resolutely opposed to the deployment of the Pershing II missiles in Western Europe. He writes: "Their accuracy and speed (of the Pershing II missiles), combined with their deployment close to Soviet borders, will create the kind of threat to targets on Soviet territory that surpasses any need to deter conventional warfare" (p 48). But although he calls the Pershing II missile a dangerous weapon (p 53), he sees its destabilizing effects not in its first-strike-weapon parameters but in its vulnerability to a mythical Soviet pre-emptive nuclear strike (pp 5, 37, 49-50, 53). The result is an absurd situation: The United States deploys first-strike nuclear missiles close to Soviet borders, but stability in Europe is endangered not by them, but by the threat of a Soviet pre-emptive strike against them!

Sigal demonstrates the inconclusive nature of all of the official NATO arguments intended to validate the need for the deployment of American intermediate-range nuclear missiles in Western Europe. He reveals the senselessness of attempts to justify their deployment with references to the installation of Soviet SS-20 missiles. The author remarks that the period of preparations for the NATO decision on the deployment of additional American nuclear weapons in Western Europe preceded the deployment of Soviet missiles, the appearance of which "led to no perceptible increase in the threat to (Western) Europe" (pp 41, 42).

Although the author underscores the absence of military grounds for the deployment of the new American missiles in Western Europe (pp 33, 50-53), he asserts that the U.S. administration had to take steps to strengthen American intermediate-range nuclear potential in Europe to prove the effectiveness of American "nuclear guarantees" to the West Europeans. On this basis, Sigal supports the deployment of American cruise missiles in Western Europe (pp 68, 105-106). Denying that they have the parameters of a first-strike weapon, he says that the low flight speed of cruise missiles precludes their use for the delivery of a pre-emptive strike (pp 27, 40).

Nevertheless, it is no secret that the relatively low speed of these missiles is connected with a low flight altitude, which enhances their accuracy and complicates their detection. It is this that justifies the references to cruise missiles as first-strike weapons.

Sigal admits that the nuclear arms race in Europe is not in the long-range interests of the United States. Assessing the political situation in Europe after the deployment of the first American missiles, Sigal notes that the public prestige of the West European NATO governments has declined considerably. He writes: "The escalating conflict threatens to weaken the bonds of solidarity within NATO.... The longer the heightening of tension between the superpowers continues, the more people on both sides of the Atlantic will begin to question the need for the existence of the North Atlantic alliance. ...To prevent its further erosion, it is in America's interest to unwind the spiral of confrontation" (p 171).

Therefore, Sigal believes that the primary objective of U.S. policy in Europe should be the guarantee of the political stability and political unity of NATO. To this end, he believes, the United States should show willingness to delay the deployment of the Pershing II missiles in Western Europe for a year, while continuing to deploy cruise missiles (pp 171-172). Besides this, he proposes changes in U.S. tactical nuclear forces in Europe: a substantial reduction in the number of weapons of this category, including the elimination of nuclear landmines, nuclear antiaircraft systems and nuclear artillery, and the renunciation of the so-called "dual-purpose" systems adapted for the firing of nuclear and conventional ammunition; the reconsideration of an official pledge not to use nuclear weapons first (pp 164, 172); a moratorium on the deployment of sea-based nuclear cruise missiles having a range of over 600 kilometers and intended for the destruction of targets on land (p 172).

As we can see, Professor Sigal's proposals are quite contradictory, but they attest to the definite opposition within the American scientific community to Washington's nuclear strategy in Europe. Even members of the American establishment who take the positions of "Atlanticism" are displaying some worries about the policy line of the Reagan Administration, which is clearly aimed at military superiority to the USSR, because this line will increase the danger of nuclear war.

8588
CSO: 1803/03

REVIEW OF BOOK ON PROBLEMS OF MANAGEMENT IN CAPITALIST INDUSTRY

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 114-115

[Review by V. A. Fedorovich of book "Trud v kapitalisticheskom proizvodstve: problemy upravleniya" [Labor in Capitalist Production: Management Problems], edited by Doctor of Economic Sciences N. A. Klimov, Moscow, Nauka, 1984, 273 pages: "Capitalist Management and Labor"]

[Text] The subject of this book is an unfamiliar one--the management of labor in capitalist production. Until now, labor affairs and the issues of management in the capitalist society have been examined from different vantage points and have not been combined. The development of the technological revolution and its contradictory effects on the capitalist economy have shown that it is precisely the worker, whether he is a machine tool operator or a design engineer, that is becoming the central object of the control exercised by the capitalist official known as the manager.

For this reason, the research in this book is based on an analysis of subjective and objective relationships. The approach the authors chose requires, first of all, the disclosure of the methods the subject of control (bourgeois management) employs in relation to hired workers as the object of control, and of why and how these methods are used, and, secondly, the explanation of the structure, functions and organizational forms of the labor of the managerial link itself. This approach allowed the authors to analyze all facets of labor from the standpoint of its management. In their research, the authors were less concerned with describing contemporary forms of labor organization and proving their exploitative essence (this served them as something like a point of departure) than with revealing the purpose of bourgeois management's search for ways of manipulating these forms and the reasons for the modification of old forms and their adaptation to the conditions of the technological revolution.

The authors' critical analysis of the theory and practice of the bourgeois management of labor is based on a great deal of documented information, most of it American. And this is understandable, since the United States was still the innovator in the organization of labor processes until recently and prided itself on the superior quality of this organization and its effectiveness. On the other hand, the authors also discuss the latest achievements of the European capitalist countries and Japan, which have obviously seized the initiative and have obtained impressive results.

Past experience proves that bourgeois management's attempts to stimulate the main productive force in contemporary production have been aimed at the creation of a labor management system. In line with this, the research itself is comprehensive and multifaceted.

The aim of comprehensive research is reflected in the structure of the book. For example, general procedural questions are discussed in the introduction and the first chapter. The forms used by bourgeois management to exploit the object of management, manpower, are analyzed in the next four chapters. Although these issues are closely related to the subject matter of labor organization, the authors were able to examine them in the managerial context. In their discussion of the purpose of group methods of labor organization, flexible work schedules and new systems of financial incentives, they demonstrated their level of progress as well as the contradictory and limited nature of these methods under the conditions of the maintenance of capitalist ownership.

Some chapters deal with the labor of managers (the subject of management) and with the main problems they have to solve. The most significant of these are reflected in the so-called organizational conflict. It is inherent in capitalist management--that is, it has deep socioeconomic roots, stemming from its dual nature. It is true that in the section dealing specifically with the organizational conflict, the authors, on the one hand, do not adhere consistently enough to the analytical procedures of the study of the social conflict and, on the other, do not provide a completely accurate system for the categorization of administrative conflicts. For this reason, it seems somewhat scholastic and devoid of vivid descriptions.

The link of scientists and engineers, a transitional link from the standpoint of subjective and objective relationships, the organizational forms of their employment and the distinctive features of their professional advancement and motivation are examined in the same section. The study of this segment of the labor force is the most important part of the research because it plays the most important role in the structure of labor in the present era, located in key areas of scientific and technical progress in corporations and providing the proletariat with a class ally.

Finally, the issues of personnel policy in large capitalist firms and the theories lying at its basis are examined in the last two chapters. Questions of personnel management are now being given considerable attention in our country in connection with the intensification of the scientific and technical process. For this reason, it is extremely important to learn about the potential problems in this sphere and about how they are being solved abroad.

The authors not only underscore the distinctive features of the management of labor as a special topic of research. They also point out features attesting to the universal nature of forms and systems of capitalist management. Some of these universal forms, for example, are staff subdivisions in organizational structures--today's corporate personnel divisions--and strategic management, the peculiarities of which in the sphere of personnel management are clearly and consistently disclosed in the final chapter.

Besides this, the project planning form, which is widely used in today's managerial systems, is analyzed in the book from the distinctive standpoint of personnel management; in particular, the authors examine the birth and resolution of conflicts arising from the matrix jurisdiction of project executors.

Therefore, the united efforts of the authors were aimed at revealing the latest developments in the theory and practice of bourgeois management. They were unable, however, to discern the embryos of developing forms arising under the influence of the technological revolution in all of these processes or to point out the direction of their development. For example, the confinement of the description of group methods of labor organization to the labor team kept the author of the second chapter from drawing any conclusions about the increasing use of collective labor--limited, of course, to the bounds of the capitalist enterprise and, consequently, of collective incentives. After all, it was precisely scientific and technical progress that increased the importance of labor teams, and bourgeois management did not fail to make use of this new form, which offered new opportunities for the augmentation of labor productivity.

It is also regrettable that this comprehensive, current and multifaceted research contains almost no analysis of the bourgeois government's role in the entire system of capitalist management. In general, however, the book warrants commendation for the depth of its Marxist analysis, the breadth of its content and the pertinence of its subject matter. There is no question that it will evoke positive responses within the broad community of economists, sociologists and administrators and also within our scientific-pedagogical community and the staffs of economic planning agencies.

8588
CSO: 1803/03

INDEX OF ARTICLES FOR 1985

Moscow SSHA: EKONOMIKA, POLITIKA, IDEOLOGIYA in Russian No 12, Dec 85 (signed to press 18 Nov 85) pp 122-127

[Text] "Proceedings of Special CPSU Central Committee Plenum," No 4
"M. S. Gorbachev's Conversation with PRAVDA Editor," No 5

In Preparation for the 27th CPSU Congress

Davydov, Yu. P., "The United States in the All-European Process," No 8
Yershov, S. A., "The Working Class of the 1980's," No 12
Kudrov, V. M. and Bobrakov, Yu. I., "Lenin's Theory of Imperialism and Present-Day American Capitalism," No 5
Petrovskiy, V. F., "Strategic Balance--Essential Condition for a Safe World," No 7
Skorov, G. Ye., "U.S. Capitalism in the 1980's," No 11
Supyan, V. B., "The Current Phase of the Technological Revolution: Some of Its Socioeconomic Effects in the United States," No 9

Commemorating the 115th Anniversary of V. I. Lenin's Birth

Gvishiani-Kosygina, L. A., "The Origins of Economic Relations," No 4
Mostovets, N. V., "V. I. Lenin and the Communist Party, USA," No 4

Commemorating the 40th Anniversary of the Victory

Baydukov, G. F., "Mission to the United States, 1941," No 9
Berezhkov, V. M., "The Yalta Decisions and Their Opponents," No 2
Berezhkov, V. M., "The Significance of the Potsdam Decisions," No 7
Volkov, N. V., "Comrades-in-Arms," No 5
Gilenson, B. A., "American Correspondents in Moscow During the War Years," No 1
Korotkov, G. I., "Lend-Lease: Myths and Reality," No 6
Koshkin, A. A., "The USSR's Role in the Defeat of Militarist Japan," No 8
Krasilshchik, S. I., "Cultural Contacts in the War Years," No 10
Larionov, V. V., "The Battle for Berlin," No 4
Matsulenko, V. A., "The Far Eastern Campaign," No 11
Milshteyn, M. A., "The Lessons of War and the Birth of U.S. Nuclear Strategy," No 5

Foreign Policy and Questions of Military Strategy

Domestic Policy, Ideology and Social Problems

Culture and Life

Voyna, V. A., "American Movies at the Moscow Film Festival," No 10
Glagolev, N. N., "American Publishers at the Moscow International Book Fair," No 12
Guskov, S. I., "Sports for Sale," No 4
Kartseva, Ye. N., "The Treatment of Labor in American Movies," No 12
Kuteynikov, A. A., "Computer Crime," No 7
Salnikov, Yu. P., "Spacebridge," No 12

Canadian Affairs

Azaryan, V. A., "Important Event in the Canadian Labor Movement," No 11
Bantsekin, N. B., "For Stronger Soviet-Canadian Mutual Understanding," No 7
Borisenko, V. A., "Soviet-Canadian Trade Today," No 10
Borodayevskiy, A. D. and Popov, V. V., "The Distinctive Features of the Canadian 'Model' of State Economic Regulation," No 6
Vasilyeva, I. G. and Korzhenevskiy, V. V., "A Look at Canadian Livestock Breeding," No 3
Vasyukova, N. V., "Canada in the 'North-South Dialogue,'" No 4
Ivanov, V. A., "Canada: National Cultural Issues," No 2
Israelyan, Ye. V., "American Missiles over Canada," No 5
Kvasov, A. G., "The Reinforcement of Canada's Position in the North American Economic Complex," No 2
Mangusheva, Ye. K., "United States-Canada-Mexico: The Ideas and Reality of 'Energy Continentalism,'" No 5
Morozov, V. N. and Zhevlyagina, Ye. A., "Development of Fodder Supply for Canadian Animal Husbandry," No 8
Prokhorova, I. D., "Developmental Patterns of Anglo-Canadian Literature," No 7
Svetlanov, V. P., "Canada's Communists in the Struggle for Peace and Labor Interests," No 9
Sokolov, V. I., "Acid Rain Over Canada," No 1
Sushchenko, V. V., "State Enterprise in Canada," No 4
Cherkasov, A. I., "The Problems of Canadian Natives in the 1980's," No 9
Shchukina, Ye. A., "Some Results of Linguistic Reform in Canada," No 1

Commentaries, Reports

Azaryan, V. A., "Important Event in Canadian Labor Movement," No 11
Anichkina, V. S., "ANZUS and the Antinuclear Movement," No 6
Antonov, Ye. A., "Conspiracy Against Namibia," No 8
Bantsekin, N. B., "For Stronger Soviet-Canadian Mutual Understanding," No 7
Beglova, N. S. and Kremenyuk, V. A., "'Reagan Doctrine'--Policy of Escalating Intervention," No 11
Bogachev, V. I., "Dubious Arguments of the Supporters of 'Star Wars,'" No 5
Borisenko, V. A., "Soviet-Canadian Trade Today," No 10
Vasyukova, N. V., "Canada in the 'North-South Dialogue,'" No 4
Glagolev, N. N., "American Publishers at the Moscow International Book Fair," No 12
Gubarev, V. S., "Recollections of the Soyuz-Apollo Flight," No 7

Scanning the Press

Geyevskiy, I. A., "Business vs. Labor," No 11
Deykin, A. I., "U.S. Economy: Forecasts and Reality," No 9
"Foreign Reactions to Presidential Election," No 2
Tatarinova, N. B., "United States-Vietnam: 12 Years Later," No 3
Shcherbakov, I. N., "U.S. Debates over Nuclear 'Confidence-Building Measures,'" No 10

Translations and Digests

Peters, Thomas and Waterman, Robert, "In Search of Excellence. Lessons from America's Best-Run Companies," Nos 9, 10
Rifkin, Jeremy, "Algeny," No 12
White, Theodore, "America in Search of Itself. The Making of the President, 1956-1980," Nos 1, 2
Schell, Jonathan, "The Abolition," Nos 5, 6, 7, 8

Science and Technology

Vasilyeva, I. G., "Trends in the Development of Power Engineering," No 4
Vasilyeva, I. G., "Nuclear Power Industry," No 12
Kochetkov, G. B., "Flexible Manufacturing Systems and Management," No 1
Krishchenko, V. P., "Newest Instruments for Agricultural Product Quality Control," No 2
Medvedev, A. G., "Product and Technology Innovations in Strategy of Industrial Firms," No 5
Savinov, Yu. A., "Monopoly Competition in Super-Computer Production," No 6
Savinov, Yu. A. and Shcherbina, Yu. D., "Computers in American Schools: Trends and Problems," No 11
Skvortsov, B. V., "Fuel Conservation in Motor Transport," No 9
Sokolov, V. I., "Environmental Protection: New Approaches and Priorities," No 10
Trofimova, I. N., "Material and Technical Facilities for Science in the United States," No 7

Management

Yevenko, L. I., "Experimental Comparison of American and Japanese Styles of Management," No 11
Kochetkov, G. B., "The Management of Companies During Periods of Organizational Crisis," No 8
Epshteyn, S. I., "American Management: 'Microsense' and 'Macrochaos,'" No 5

Agriculture

Vasilyeva, I. G. and Korzhenevskiy, V. V., "A Look at Canadian Livestock Breeding," No 3
Morozov, V. N. and Shevlyagina, Ye. A., "Development of Fodder Supply for Canadian Animal Husbandry," No 8
Nazarenko, V. I. and Ionova, Z. M., "Reclamation in the United States," No 10
Chernyakov, B. A., "Production and Use of Pesticides," No 12

Bibliography

Alyakrinskiy, O. A., "'Creative Freedom' in America," No 3
Appatov, S. I. and Chervena, Ya., "Ideological Aspects of U.S. Foreign Policy Strategy in the 1980's," No 1
Bolkhovitinov, N. N., "Foreign Studies on Russian America," No 4
Lebedev, N. I., "Comprehensive Study by Soviet Experts on American Affairs," No 5
Prokhorova, I. D., "Developmental Patterns of Anglo-Canadian Literature," No 7

Book Reviews

Agayev, S. L, "Iranskaya revolyutsiya, SShA i mezhdunarodnaya bezopasnost" [The Iranian Revolution, the United States and International Security], No 6
"'Amerikanskaya model': c budushchim v konflikte" [The "American Model": In Conflict with the Future], No 10
Arbatov, Aleksey, "Voyenno-strategicheskiy paritet i politika SShA" [Military-Strategic Parity and U.S. Policy], No 5
Arbatov, Georgiy and Oltmans, Willem, "Vstupaya v 80-ye.... Kniga intervyu ob aktualnykh voprosakh sovremennykh mezhdunarodnykh otnosheniy" [Entering the 1980's.... Book-Length Interview on Urgent Problems in Contemporary International Relations], No 6
Artemov, V. L., "Psikhologicheskaya voyna v strategii imperializma" [Psychological Warfare in Imperialist Strategy], No 5
Bagramov, L. A., "Sovremennyy kapitalizm i prodovolstvennaya problema" [Present-Day Capitalism and the Food Crisis], No 12
Barnet, R. J., "Allies: America, Europe, and Japan Since the War," No 5
Bezymenskiy, Lev, "Razgadannyye zagadki tretyego reykha. Kniga ne tolko o proshlom" [Unraveled Mysteries of the Third Reich. A Book About More than the Past], No 12
Baylis, John, "Anglo-American Defense Relations, 1939-1984," No 10
Bekes, Recso, "Pax Americana. Fifty Documents on U.S. Global Strategy in the 20th Century," No 10
Bereznitskiy, Yan, "Otbleski vremeni. Neokonservativnyye tendentsii v amerikanskom kino 70-kh godov" [Reflections of an Era. Neoconservative Trends in American Film in the 1970's], No 4
"Binary Weapons: Implications of the U.S. Chemical Stockpile Modernization Program for Chemical Weapon Proliferation," No 9
Bogdanov, R. G., "Yadernoye bezumiye v range gosudarstvennoy politiki" [Nuclear Insanity on the Level of State Policy], No 7
Ball, George W., "Error and Betrayal in Lebanon. An Analysis of Israel's Invasion of Lebanon and the Implications for U.S.-Israel Relations," No 11
Bosworth, Barry P., "Tax Incentives and Economic Growth," No 10
Vasilyev, Gennadiy, "Amerika menyayushchayasya i neizmennaya" [Changing and Unchanging America]; "Razdelennyye okeanom" [On Either Side of the Ocean], No 2
Volkov, N. V., "Sistema torgovo-ekonomicheskoy ekspluatatsii razvivayushchikhsya stran" [System of Commercial Exploitation of the Developing Countries], No 12
Volodin, A. A., "SShA: ekonomika i mestnyye organy vlasti" [U.S. Economy and Local Government], No 12

"Statement of the Palme Commission," No 2
"Report of the Committee of Soviet Scientists for Peace and Against the Nuclear Threat, with a Foreword by Vice-President Ye. P. Velikhov of the USSR Academy of Sciences," No 11

Chronicle of Soviet-American Relations

September-November 1984, No 1
December 1984-February 1985, No 4
March-May 1985, No 7
June-August 1985, No 10

8588
CSO: 1803/03 - END -